PRELIMINARY OFFICIAL STATEMENT DATED MARCH 15, 2019

This Preliminary Official Statement and the information contained herein are subject to change, amendment and completion without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or filing under the applicable securities laws of such jurisdiction.

NEW ISSUE - Book-Entry-Only **Rating: S&P: "AA-"**
(See "RATING" herein)

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Authority (as defined herein), assuming continuing compliance by the Authority and the County (each as defined herein) with certain tax covenants described herein, under existing law, interest on the Series 2019 Bonds (as defined herein) is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), and is not a specific item of tax preference under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals pursuant to Section 55 of the Code. In addition, interest on the Series 2019 Bonds may be subject to the branch profits tax imposed on certain foreign corporations and to the tax on "excess net passive income" imposed on S corporations. Interest on the Series 2019 Bonds and any gain from the sale thereof are not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as presently enacted and construed. See "TAX MATTERS" herein.

$4,895,000*
THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY (CUMBERLAND COUNTY, NEW JERSEY) COUNTY GUARANTEED REVENUE BONDS (AUTHORITY ADMINISTRATION BUILDING PROJECT), SERIES 2019

Dated: Date of Delivery **Due: March 15, as shown on the inside cover**

The $4,895,000* aggregate principal amount of County Guaranteed Revenue Bonds (Authority Administration Building Project), Series 2019 (the "Series 2019 Bonds"), are being issued by The Cumberland County Improvement Authority (the "Authority"), a political subdivision and public body corporate and politic of the State of New Jersey (the "State"), pursuant to: (i) the County Improvement Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State, and the acts amendatory thereof and supplemental thereto (the "Act"); (ii) a bond resolution of the Authority, duly adopted on February 22, 2019 (the "Bond Resolution"); and (iii) a Trust Indenture, dated as of April 1, 2019 (the "Indenture"), between the Authority and U.S. Bank National Association, Edison, New Jersey, as trustee (the "Trustee").

The Series 2019 Bonds will be issued in fully registered form and, when issued, will be registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and a clearinghouse for securities transactions. Individual purchases of the Series 2019 Bonds will be made in book-entry only form (without certificates) in denominations of $5,000 or any integral multiple thereof. The Series 2019 Bonds will mature on the respective dates and in the respective amounts set forth on the inside front cover page hereof. Interest on the Series 2019 Bonds is payable semi-annually on March 15 and September 15 of each year, commencing September 15, 2019, until maturity or earlier redemption thereof at the respective rates set forth on the inside front cover page hereof. The principal or Redemption Price (as defined herein) of the Series 2019 Bonds will be payable upon presentation and surrender thereof at the principal corporate trust office of the Trustee.

So long as Cede & Co. is the Registered Owner of the Series 2019 Bonds, payments of principal or Redemption Price (as defined herein) of and interest on the Series 2019 Bonds will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to the Direct Participants (as defined herein) which will, in turn, remit such payments to the Beneficial Owners (as defined herein) of the Series 2019 Bonds. Purchasers will not receive certificates representing their ownership interest in the Series 2019 Bonds purchased. For so long as any purchaser is a Beneficial Owner of a Series 2019 Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a Direct Participant to receive payment of the principal of and interest on such Series 2019 Bond. Interest on any Series 2019 Bond which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the person in whose name the Series 2019 Bond is registered at the close of business on the first (1st) day of the calendar month containing such Interest Payment Date occurs (whether or not a business day).

The Series 2019 Bonds are subject to redemption prior to maturity as further described herein.

The Series 2019 Bonds are being issued by the Authority to provide funds which will be used to pay: (i) the costs of acquisition of certain real property located in the Township of Deerfield, County of Cumberland, New Jersey (the "Project Site"); (ii) the costs of design and construction of an approximately 15,000 square foot Authority administration building, which will be utilized to create office space for the Authority's officers and employees (the "Facility") on the Project Site; (iii) the completion of such other improvements and work and acquisition of equipment and materials as may be necessary or appropriate in connection with the construction of the Facility; and (iv) the costs and expenses incurred by the Authority and the County in connection with the issuance and delivery of the Series 2019 Bonds (collectively, the "Project").

The Series 2019 Bonds are secured by the provisions of a Guaranty (the "County Guaranty") of the County of Cumberland, New Jersey (the "County"), pursuant to which, to the extent not otherwise paid by the Authority, the County has unconditionally guaranteed the payment, when due, of the principal of and interest on the Series 2019 Bonds and will be unconditionally and irrevocably obligated to levy *ad valorem* taxes upon all taxable property within the jurisdiction of the County for the payment of the principal of, and interest on, the Series 2019 Bonds, when due, without limitation as to rate or amount, when required under the provisions of applicable law and the County Guaranty. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – County Guaranty" herein.

The Series 2019 Bonds are direct and special obligations of the Authority payable solely from the Revenues (as defined in the Indenture) and secured by a lien on the Pledged Property (as defined in the Indenture) of the Authority. The Revenues include available revenues of the Authority, not previously pledged as security for any existing series of bonds or which are hereafter pledged to a future series of bonds, and which available revenues are deposited by the Authority with the Trustee; provided however, that the Authority has no legal obligation to deposit such available revenues with the Trustee.

THE SERIES 2019 BONDS ARE NOT AND SHALL NOT BE IN ANY WAY A DEBT OR LIABILITY OF THE STATE OR ANY SUBDIVISION THEREOF (OTHER THAN THE AUTHORITY RELATING SOLELY TO THE PLEDGED PROPERTY, AND AS APPLICABLE UNDER AND LIMITED BY THE COUNTY GUARANTY, THE COUNTY) AND DO NOT AND SHALL NOT CREATE OR CONSTITUTE ANY INDEBTEDNESS, LIABILITY OR OBLIGATION OF SAID STATE OR OF ANY SUBDIVISION THEREOF(OTHER THAN THE AUTHORITY RELATING SOLELY TO THE PLEDGED PROPERTY, AND AS APPLICABLE UNDER AND LIMITED BY THE COUNTY GUARANTY, THE COUNTY), EITHER LEGAL, MORAL OR OTHERWISE. THE PRINCIPAL OR REDEMPTION PRICE OF AND INTEREST ON THE SERIES 2019 BONDS IS PAYABLE BY THE AUTHORITY FROM THE PLEDGED PROPERTY. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE COUNTY, AS APPLICABLE UNDER AND LIMITED BY THE COUNTY GUARANTY) IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2019 BONDS. THE AUTHORITY HAS NO TAXING POWER.

This cover page contains certain information for quick reference only. *It is not a summary of the issue.* Investors must read the entire Official Statement to obtain information essential to their making an informed investment decision.

The Series 2019 Bonds are offered when, as and if issued by the Authority and received by the Underwriter (as defined herein), subject to prior sale, withdrawal or modification of the offer without notice, and to the approval of certain legal matters by Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Authority, and certain other conditions. Certain matters will be passed upon for the Authority by its counsel, Archer & Greiner, P.C., Haddonfield, New Jersey; for the County by Theodore E. Baker, Esq., Bridgeton, New Jersey, as County Counsel and by McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, as County Bond Counsel. Phoenix Advisors, LLC, Bordentown, New Jersey, has acted as Municipal Advisor to the Authority in connection with the issuance of the Series 2019 Bonds. It is expected that the Series 2019 Bonds will be available for delivery on or about April __, 2019.

RAYMOND JAMES

***Preliminary, subject to change**

Dated: March __, 2019

$4,895,000*

THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
(CUMBERLAND COUNTY, NEW JERSEY)
COUNTY GUARANTEED REVENUE BONDS
(AUTHORITY ADMINISTRATION BUILDING PROJECT)
SERIES 2019

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS

Maturity (March 15)	Principal Amount*	Interest Rate	Yield	CUSIP Number**
2020	$80,000	%	%	
2021	80,000			
2022	85,000			
2023	90,000			
2024	90,000			
2025	95,000			
2026	100,000			
2027	105,000			
2028	110,000			
2029	115,000			
2030	120,000			
2031	125,000			
2032	130,000			
2033	135,000			
2034	145,000			
2035	150,000			
2036	160,000			
2037	165,000			
2038	175,000			
2039	185,000			

$1,075,000* ____% Term Bond due March 15, 2044, Priced to Yield ___% CUSIP Number**
$1,380,000* ____% Term Bond due March 15, 2049, Priced to Yield ___% CUSIP Number**

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* Preliminary, subject to change.
** Registered trademark of American Bankers Association. CUSIP data herein is provided by an independent company not affiliated with the Authority. The CUSIP numbers listed above are being provided solely for the convenience of bondholders only at the time of issuance of the Series 2019 Bonds and the Authority does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2019 Bonds as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2019 Bonds.

THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
2 N. High Street
Millville, New Jersey 08332

AUTHORITY MEMBERS

Name	**Position**
Dale K. Jones.	Chairman
George M. Olivio	Vice Chairman
Albert B. Kelly	Secretary
Andre Lopez	Treasurer
Robert P. Nedohon, Jr	Assistant Treasurer

PRESIDENT/CEO

Gerard Velazquez, III

GENERAL COUNSEL

Archer & Greiner, P.C.
Haddonfield, New Jersey

AUDITOR

Romano, Hearing, Testa & Knorr
Vineland, New Jersey

BOND COUNSEL

Parker McCay P.A.
Mount Laurel, New Jersey

MUNICIPAL ADVISOR

Phoenix Advisors, LLC
Bordentown, New Jersey

TRUSTEE, REGISTRAR AND PAYING AGENT

U.S. Bank National Association
Edison, New Jersey

COUNTY OF CUMBERLAND, NEW JERSEY
164 West Broad Street
Bridgeton, New Jersey 08302

BOARD OF CHOSEN FREEHOLDERS

Joseph Derella .... Freeholder Director
Darlene Barber .... Deputy Freeholder Director
Carol Musso .... Freeholder
Joseph Sparacio .... Freeholder
George Castellini .... Freeholder
Jack Surrency .... Freeholder
James Quinn .... Freeholder

COUNTY OFFICIALS

Ken Mecouch
County Administrator/Clerk of the Board of Chosen Freeholders

Gerry Seneski,
County Chief Financial Officer/Treasurer

Theodore E. Baker, Esq.
County Counsel

COUNTY AUDITOR

Bowman & Company LLP
Voorhees, New Jersey

COUNTY BOND COUNSEL

McManimon, Scotland & Baumann, LLC,
Roseland, New Jersey

TABLE OF CONTENTS

PAGE

The information which is set forth herein has been provided by The Cumberland County Improvement Authority (the "Authority"), the County of Cumberland, New Jersey (the "County"), The Depository Trust Company, New York, New York ("DTC"), and by other sources which are believed to be reliable by the Authority, but the information provided by such sources is not guaranteed as to accuracy or completeness by the Authority. Certain general and financial information concerning the County is contained in APPENDICES "A" and "B" to this Official Statement. Such information has been furnished by the County. The Authority has not confirmed the accuracy or completeness of information relating to the County and the Authority disclaims any responsibility for the accuracy or completeness thereof.

Raymond James & Associates, Inc., as underwriter ("Underwriter") has reviewed this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities law as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Where the Constitution or statutes of the State of New Jersey are referred to, reference should be made to such Constitution or statutes for a complete statement of the matters referred to.

This Official Statement is submitted in connection with the sale of the Series 2019 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

No dealer, broker, salesman or any other person has been authorized by the Authority or the Underwriter to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Series 2019 Bonds, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Series 2019 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the County since the date hereof.

Neither the Bond Resolution nor the Indenture has been qualified under the Trust Indenture Act of 1939, as amended, and upon issuance, the Series 2019 Bonds will not be registered under the Securities Act of 1933, as amended, in reliance upon exemptions in such laws. The Series 2019 Bonds will not be listed on any stock or other securities exchange and neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity, other than the Authority (subject to the limitations set forth above), will have passed upon the accuracy or adequacy of this Official Statement.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety.

This Official Statement is not to be construed as a contract or agreement between the Authority, the County, the Underwriter and the purchasers or the holders of any of the Series 2019 Bonds.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2019 BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2019 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY UPON THEIR OWN EXAMINATION OF THE AUTHORITY, THE COUNTY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2019 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

OFFICIAL STATEMENT
Relating to

$4,895,000*
THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
(CUMBERLAND COUNTY, NEW JERSEY)
COUNTY GUARANTEED REVENUE BONDS
(AUTHORITY ADMINISTRATION BUILDING PROJECT)
SERIES 2019

INTRODUCTION

This Official Statement, which includes the cover page hereof and the Appendices attached hereto, is furnished by The Cumberland County Improvement Authority (the "Authority"), a political subdivision and a public body corporate and politic of the State of New Jersey (the "State"), to provide certain information relating to: (i) the Authority; (ii) the project described herein under the heading "PLAN OF FINANCE"; (iii) the County of Cumberland, New Jersey (the "County"); and (v) the $4,895,000* aggregate principal amount of County Guaranteed Revenue Bonds (Authority Administration Building Project), Series 2019 (the "Series 2019 Bonds"), to be issued by the Authority.

Capitalized words and terms which are used herein which are not ordinarily capitalized and which are not otherwise defined herein shall have the meanings which are assigned to such words and terms in the Indenture (as hereinafter defined).

U.S. Bank National Association, Edison, New Jersey has been appointed by the Authority to serve as trustee, paying agent and registrar (the "Trustee", the "Paying Agent" and the "Registrar") for the Series 2019 Bonds pursuant to the Trust Indenture, dated as of April 1, 2019 (the "Indenture"), by and between the Authority and the Trustee.

The Series 2019 Bonds are limited and special obligations of the Authority payable solely from and secured by its interest in the Pledged Property (as defined herein), which includes, *inter alia*: (i) Revenues (as defined herein) which includes available revenues of the Authority, not previously pledged as security for any existing series of bonds or which are hereafter pledged to a future any series of bonds, and which available revenues are deposited by the Authority with the Trustee; (ii) the Funds and Accounts established under the Indenture (other than the Rebate Fund), including Investment Securities held in any such Funds or Accounts; and (iii) all other moneys, securities or funds pledged for the payment of the principal or redemption price of and interest on the Series 2019 Bonds in accordance with the terms and provisions of the Indenture. Pursuant to the County Guaranty (as hereinafter defined), the County, upon its endorsement of the Series 2019 Bonds, will be unconditionally and irrevocably obligated to levy *ad valorem* taxes upon all taxable property within the jurisdiction of the County without limitation as to rate or amount when required under the provisions of applicable law and the County Guaranty for the payment, when due, of the principal of and interest on the Series 2019 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS" herein.

Copies of the Indenture and the County Guaranty are on file at the offices of the Authority, currently located in Millville, New Jersey and at the principal corporate trust office of the Trustee in Edison, New Jersey, and reference is made to such documents for the provisions relating to, among other

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* Preliminary, subject to change.

things, the terms of and the security for the Series 2019 Bonds, the custody and application of the proceeds of the Series 2019 Bonds, the rights and remedies of the holders of the Series 2019 Bonds, and the rights, duties and obligations of the Authority, the County and the Trustee.

There follows in this Official Statement brief descriptions of the Series 2019 Bonds, the Indenture, the County Guaranty and the Authority. Certain information concerning the County is attached to this Official Statement as APPENDIX "A". Excerpts from the Financial Statements of the County are attached to this Official Statement as APPENDIX "B". The Report of Audit of Financial Statements of the Authority for the Years Ended December 31, 2017 and 2016 is attached to this Official Statement as APPENDIX "C". The Authority has not confirmed the accuracy or completeness of the information relating to the County and the Authority disclaims any responsibility for the accuracy or completeness thereof.

The summaries of and references to all documents, statutes, reports and other instruments which are referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to such document, statute, report or instrument.

AUTHORIZATION FOR THE SERIES 2019 BONDS

The Series 2019 Bonds are issued pursuant to: (i) the County Improvement Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State (*N.J.S.A.* 40:37A-44 *et seq.),* and the acts amendatory thereof and supplemental thereto (the "Act"); (ii) a bond resolution of the Authority duly adopted on February 22, 2019 (the "Resolution"); and (iii) the Indenture.

The financing plan of the Authority regarding the Project (as hereinafter defined), the Series 2019 Bonds and the County Guaranty was reviewed by the Local Finance Board of the Division of Local Government Services within the State Department of Community Affairs (the "Local Finance Board") at a meeting held on February 13, 2019. On said date, the Local Finance Board passed a resolution which stated, *inter alia*, that the method proposed for the funding of the costs of the Project and the terms of the financing, including the issuance by the County of the County Guaranty, were not unreasonable or impracticable and would not impose an unnecessary financial burden on the inhabitants within the County's jurisdiction.

In connection with the issuance of the Series 2019 Bonds and the guaranty by the County of the payment of the principal thereof and interest thereon, the Board of Chosen Freeholders of the County duly adopted, in the manner provided for adoption of a bond ordinance as provided in the Local Bond Law, constituting Chapter 169 of the Pamphlet Laws of 1960 of the State, as amended (the "Local Bond Law"), a guaranty ordinance on February 19, 2019, which authorized the execution and delivery by the County of the Guaranty Agreement to be dated April 1, 2019 (the "County Guaranty"). See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – County Guaranty" herein.

PLAN OF FINANCE

The Series 2019 Bonds are being issued by the Authority to provide funds which will be used to pay: (i) the costs of acquisition of certain real property located in the Township of Deerfield, County of Cumberland, New Jersey (the "Project Site"); (ii) the costs of the development and construction of an approximately 15,000 square foot Authority administration building, which will be utilized to create office space for the Authority's officers and employees (the "Facility") on the Project Site; (iii) the completion of such other improvements and work and acquisition of equipment and materials as may be necessary or appropriate in connection with the construction of the Facility (items (i) through (iii) above shall be collectively referred to herein as the "Construction Project"); and (iv) the costs of issuance with respect to the issuance and sale of the Series 2019 Bonds (collectively, the "Project"). The Facility will be located on the Project Site, which is located adjacent to the Authority's existing solid waste and recycling facility.

THE SERIES 2019 BONDS ARE NOT AND SHALL NOT BE IN ANY WAY A DEBT OR LIABILITY OF THE STATE OR ANY SUBDIVISION THEREOF (OTHER THAN THE AUTHORITY RELATING SOLELY TO THE PLEDGED PROPERTY, AND AS APPLICABLE UNDER AND LIMITED BY THE COUNTY GUARANTY, THE COUNTY) AND DO NOT AND SHALL NOT CREATE OR CONSTITUTE ANY INDEBTEDNESS, LIABILITY OR OBLIGATION OF SAID STATE OR OF ANY SUBDIVISION THEREOF(OTHER THAN THE AUTHORITY RELATING SOLELY TO THE PLEDGED PROPERTY, AND AS APPLICABLE UNDER AND LIMITED BY THE COUNTY GUARANTY, THE COUNTY), EITHER LEGAL, MORAL OR OTHERWISE. THE PRINCIPAL OR REDEMPTION PRICE OF AND INTEREST ON THE SERIES 2019 BONDS IS PAYABLE BY THE AUTHORITY FROM THE PLEDGED PROPERTY. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE COUNTY, AS APPLICABLE UNDER AND LIMITED BY THE COUNTY GUARANTY) IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2019 BONDS. THE AUTHORITY HAS NO TAXING POWER.

DESCRIPTION OF THE SERIES 2019 BONDS

General

The Series 2019 Bonds are issuable as fully registered bonds. The Series 2019 Bonds will mature on the respective dates and bear interest at the respective rates set forth on the inside front cover page of this Official Statement and will be issued in book-entry only form. Individual purchases of the Series 2019 Bonds will be made in book-entry only form (without certificates) in denominations of $5,000 or any integral multiple thereof. So long as The Depository Trust Company, New York, New York (the "DTC") or its nominee, Cede & Co., is the Registered Owner of the Series 2019 Bonds, payments of the principal or Redemption Price of, and interest on, the Series 2019 Bonds will be made directly to Cede & Co., as nominee for DTC. Disbursement of such payments to the participants of DTC (the "Direct Participants") is the responsibility of DTC and disbursement of such payments to the Beneficial Owners of the Series 2019 Bonds is the responsibility of the Direct Participants and not the Authority or the Trustee. See "DESCRIPTION OF THE SERIES 2019 BONDS – Book-Entry Only System" below. In the event that the Series 2019 Bonds are no longer subject to the DTC Book-Entry Only System, the principal or Redemption Price of the Series 2019 Bonds will be payable upon surrender of the respective Series 2019 Bonds at the principal corporate trust office of the Trustee, or at any other place that may be provided for such payment by the appointment of any other paying agent or paying agents as permitted by the Bond Resolution.

Interest on the Series 2019 Bonds, calculated on the basis of a 360-day year of twelve 30 day months, is payable on March 15 and September 15 (each, an "Interest Payment Date") of each year commencing on September 15, 2019, by check or draft or, for owners of $1,000,000 or more in aggregate principal amount of Series 2019 Bonds which have submitted to the Trustee three (3) Business Days' written request therefor, wire transfer by the Trustee to the Registered Owners of such Series 2019 Bonds. Interest on any Series 2019 Bond which is payable, and is punctually paid or duly provided for, on any

Interest Payment Date shall be paid to the person in whose name the Series 2019 Bond is registered at the close of business on the first (1st) day of the calendar month containing any Interest Payment Date (whether or not a business day) (the "Record Date"). Principal or Redemption Price of the Series 2019 Bonds will be paid, when due, upon presentation and surrender of the Series 2019 Bonds at the principal corporate trust office of the Trustee.

Any interest on any Series 2019 Bond which is payable, but is not punctually paid or provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the person who is the Registered Owner on the relevant Record Date, and such Defaulted Interest shall be paid to the Registered Owner in whose name the Series 2019 Bond is registered at the close of business on a Special Record Date to be fixed by the Trustee, such date to be not more than fifteen (15) days nor less than ten (10) days (whether or not a Business Day) prior to the date of proposed payment.

Optional Redemption

The Series 2019 Bonds maturing prior to March 15, 20__ are not subject to redemption prior to their stated maturity dates. The Series 2019 Bonds maturing on and after March 15, 20__ are subject to redemption prior to maturity at the option of the Authority, on or after March 15, 20___, as a whole or in part on any date in such order of maturities as the Authority may direct and within a maturity by lot (or other customary method of selection determined by the Trustee) at a Redemption Price equal to one hundred percent (100%) of the principal amount of the Series 2019 Bonds to be redeemed, together with interest accrued to the redemption date, upon notice as set forth in the Indenture and described below.

[Mandatory Sinking Fund Redemption]

[The Series 2019 Bonds maturing on March 15, 20__ and March 15, 20__ are subject to scheduled mandatory sinking fund redemption by the Authority on March 15 of the years and in the amounts set forth below at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof together with interest accrued to the redemption date:]

Notice of Redemption

The Trustee shall cause a notice to be deposited in the United States first class mail, postage prepaid, not less than thirty (30) days nor more than sixty (60) days prior to the redemption date, addressed to the Registered Owners of the particular Series 2019 Bonds or portions thereof called for redemption, at the addresses appearing in the registry books kept by the Trustee. Such notice shall be given in the name of the Authority, shall identify the maturities of the Series 2019 Bonds to be redeemed, the Redemption Price, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Series 2019 Bonds of any maturity are to be redeemed, the letters and numbers or other distinguishing marks or such Series 2019 Bonds so to be redeemed and, in the case of the Series 2019 Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on the redemption date there shall become due and payable upon the Series 2019 Bonds to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal amount thereof in the case of Series 2019 Bonds to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Failure to give notice by mail, or any defect in the notice to the Registered Owner of any Series 2019 Bonds which are to be redeemed, shall not affect the validity of the proceedings for the redemption of any other Series 2019 Bonds.

So long as the Series 2019 Bonds are in book-entry-only form, the Trustee shall mail such notice solely to DTC and the Trustee will not send redemption notices to Beneficial Owners of the Series 2019 Bonds unless a Beneficial Owner independently requests the Trustee to provide such notice and provides evidence of its interest in the Series 2019 Bonds.

Any notice of redemption of the Series 2019 Bonds may state that it is conditioned upon there being available on the redemption date an amount of money sufficient to pay the Redemption Price, together with interest accrued and unpaid to the redemption date, and any conditional notice so given may be rescinded at any time to and including the redemption date if such condition so specified is not satisfied. If a redemption does not occur after a conditional notice is given due to an insufficient amount of funds being on deposit with the Paying Agent to pay the Redemption Price on the redemption date, the corresponding conditional notice of redemption shall be deemed to have been revoked *nunc pro tunc* and shall be deemed to be null and void as if never given and such Series 2019 Bonds or portions thereof shall continue to bear interest until paid at maturity at the same rate as they would have borne had they not been called for redemption.

If, on the redemption date, moneys for the redemption of all the Series 2019 Bonds or portions thereof to be redeemed, together with interest thereon to the redemption date, shall be held by the Paying Agent so as to be available therefor on said date and if a notice of redemption shall have been given as aforesaid, then from and after the redemption date interest on the Bonds or portions thereof of such Series and maturity so called for redemption shall cease to accrue and become payable.

Book-Entry Only System

The information contained in this section concerning DTC and the DTC Book-Entry Only System has been obtained from sources that the Authority believes to be reliable. However, the Authority takes no responsibility for the accuracy thereof. The Beneficial Owners should confirm the information with DTC or the Direct Participants, as the case may be.

DTC will act as securities depository for the Series 2019 Bonds. The Series 2019 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Series 2019 Bonds, in the aggregate principal amount of such maturity of the Series 2019 Bonds, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry only transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC has a Standard & Poor’s rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2019 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2019 Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2019 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2019 Bonds, except in the event that use of the book-entry only system for the Series 2019 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2019 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2019 Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee, do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2019 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2019 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2019 Bonds within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2019 Bonds unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority or the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Series 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the Series 2019 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Authority or the Trustee, on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Authority or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, or interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority (or the Trustee, to the extent provided with funds to make such payment by the Authority or the County), disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2019 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2019 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Series 2019 Bond certificates will be printed and delivered.

So long as Cede & Co. is the registered owner of the Series 2019 Bonds, as nominee of DTC, references herein to the Bondholders or Registered Owners of the Series 2019 Bonds (excluding all references thereto under the heading "TAX MATTERS" herein) means Cede & Co., not the Beneficial Owners of the Series 2019 Bonds.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE AUTHORITY BELIEVES TO BE RELIABLE, BUT THE AUTHORITY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

THE AUTHORITY, THE COUNTY, THE TRUSTEE AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO ITS PARTICIPANTS OR THAT DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL DISTRIBUTE TO BENEFICIAL OWNERS OF THE SERIES 2019 BONDS (1) PAYMENTS OF THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2019 BONDS, OR (2) CONFIRMATION OF OWNERSHIP INTERESTS IN THE SERIES 2019 BONDS, OR (3) REDEMPTION OR OTHER NOTICES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH ITS PARTICIPANTS ARE ON FILE WITH DTC.

NONE OF THE AUTHORITY, THE COUNTY, THE TRUSTEE OR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, BENEFICIAL OWNERS OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS FOR: (A) SENDING TRANSACTION STATEMENTS; (B) MAINTAINING, SUPERVISING OR REVIEWING THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS; (C) PAYMENT OR THE TIMELINESS OF PAYMENT BY DTC TO ANY DTC PARTICIPANT, OR BY ANY DTC PARTICIPANT OR OTHER NOMINEE OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNER, OF ANY AMOUNT DUE IN RESPECT OF THE PRINCIPAL OF OR REDEMPTION PRICE OR INTEREST ON SERIES 2019 BONDS; (D) DELIVERY OR TIMELY DELIVERY BY DTC TO ANY DTC PARTICIPANT, OR BY ANY DTC PARTICIPANT OR OTHER NOMINEE OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNERS, OF ANY NOTICE (INCLUDING NOTICE OF REDEMPTION) OR

OTHER COMMUNICATION WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO HOLDERS OR OWNERS OF SERIES 2019 BONDS; (E) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF SERIES 2019 BONDS; OR (F) ANY ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF THE SERIES 2019 BONDS.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS

General

The Series 2019 Bonds shall be special and limited obligations of the Authority payable solely from and secured by its interest in the Pledged Property (as described below). The Series 2019 Bonds shall not constitute a legal or equitable pledge or lien or encumbrance upon any of the assets or property of the Authority or upon any of its income, receipts, or revenues, except as provided in the Indenture. The full faith and credit of the Authority are not pledged, either expressly or by implication, to the payment of the Series 2019 Bonds. The Authority has no taxing power. The Authority has no claim on revenues or receipts of the State or any agency or political subdivision thereof (except the County to the extent of the County's obligations under the County Guaranty).

"Revenues" are defined in the Indenture to mean: (i) available revenues of the Authority, not previously pledged as security for any existing series of bonds or which are hereafter pledged to any future series of bonds, and which available revenues are deposited by the Authority with the Trustee; provided however, that the Authority has no legal requirement to deposit such available revenues with the Trustee; (ii) any moneys or securities held pursuant to the Indenture and paid or required to be paid into the Debt Service Fund; (iii) any payments made by the County to the Authority pursuant to the County Guaranty; (iv) interest received on any moneys or Investment Securities held under the Indenture (other than in the Rebate Fund) and required to be paid into the Revenue Fund pursuant to the Indenture; and (v) any other amounts received from any other source by the Authority and pledged by the Authority as security for the payment of a particular Series of Bonds pursuant to a Supplemental Indenture.

"Pledged Property" is defined in the Indenture to mean: (i) the Revenues; (ii) the Funds and Accounts established under the Indenture (other than the Rebate Fund), including Investment Securities held in any such Funds or Accounts; and (iii) all other moneys, securities or funds pledged for the payment of the principal or Redemption Price of and interest on the Bonds in accordance with the terms and provisions of the Indenture.

Under the Indenture, Refunding Bonds may be issued for the refunding of any Bonds outstanding under the Indenture on a parity basis with the Series 2019 Bonds. See APPENDIX "D" for the requirements that must be met prior to the issuance of Refunding Bonds.

In the event that the Authority does not provide sufficient funds to the Trustee to meet its debt service obligations, the County shall be obligated to levy *ad valorem* taxes on all taxable property within the jurisdiction of the County without limitation as to rate or amount pursuant to the County Guaranty. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – County Guaranty" herein.

No recourse shall be had for the payment of the principal of or interest on the Series 2019 Bonds or for any claim based thereon or on the Indenture against any member or officer of the Authority, the County or any person executing the Series 2019 Bonds. No member, officer or employee of the Authority or the County or any person executing the Series 2019 Bonds shall be liable personally on the Series 2019 Bonds by reason of the issuance thereof.

The security interest granted and the pledge and assignment made in the Indenture and the covenants and agreements therein set forth to be performed on behalf of the Authority shall be for the equal benefit, protection and security of the holders of any and all of the Series 2019 Bonds and any Additional Bonds, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction of any of the Series 2019 Bonds or Additional Bonds over any other thereof, all except as expressly provided in or permitted by the Indenture.

Acquisition Fund

Amounts deposited in the Acquisition Fund established under the Indenture are to be held by the Trustee in trust and applied to pay the Costs of the Construction Project. Pending such application, amounts in the Acquisition Fund are pledged to secure the payment of the principal of and interest on the Series 2019 Bonds.

County Guaranty

In connection with the issuance of the Series 2019 Bonds and the guaranty by the County of the payment of the principal of and interest thereon, the Board of Chosen Freeholders of the County duly authorized by ordinance, in the manner provided for adoption of a bond ordinance as provided in the Local Bond Law, the County Guaranty. Upon the endorsement of the Series 2019 Bonds by the County, the County will be unconditionally and irrevocably obligated to pay the principal of and interest on the Series 2019 Bonds, when due. Furthermore, upon the endorsement of the Series 2019 Bonds by the County, the County will be unconditionally and irrevocably obligated to levy *ad valorem* taxes upon all taxable real property within the jurisdiction of the County for the payment of the principal of and interest on the Series 2019 Bonds, when due, without limitation as to rate or amount, when required under the provisions of applicable law and the County Guaranty.

BOND INSURANCE

The Series 2019 Bonds or certain maturities thereof may or may not be issued with bond insurance, and the decision whether to use bond insurance on all or a portion of the Series 2019 Bonds will be subject to market conditions at the time of pricing of the Series 2019 Bonds.

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ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Series 2019 Bonds:

Sources of Funds:	
Principal Amount of Series 2019 Bonds	
[Net] Original Issue [Premium/Discount]	
TOTAL SOURCES OF FUNDS	
Uses of Funds:	
Deposit to Acquisition Fund	
Underwriter's Discount	
Costs of Issuance*	
TOTAL USES OF FUNDS	

* Consists of legal, municipal advisory, printing, rating agency, accounting, Trustee, Paying Agent, Registrar, and other fees and expenses allocable to the Series 2019 Bonds.

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DEBT SERVICE REQUIREMENTS OF THE SERIES 2019 BONDS

Year Ending (December 31)	Series 2019 Bonds Principal	Series 2019 Bonds Interest	Total Debt Service*
2019	$	$	$
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
Total:	$	$	$

* Includes the Series 2019 Bonds only; the County and the Authority have other outstanding indebtedness. See "THE AUTHORITY – Outstanding Authority Bonds" herein and APPENDICES "A" and "B" for additional debt and other financial information related to the County and the Authority.

THE AUTHORITY

Creation and Powers

The Authority is a public body corporate and politic of the State and was created by a resolution of the Board of Chosen Freeholders of the County adopted on December 30, 1980, pursuant to the Act.

The Authority has broad powers under the Act including, among others, the following: to sue and be sued; to enter into leases and contracts; to acquire property by any lawful means, including the exercise of the power of eminent domain; to hold, operate and administer its property; to issue its negotiable bonds and to secure their payment and the rights of holders thereof under a bond resolution; to enter into contracts; to charge and collect charges for use of its facilities and to revise such charges which the Act requires to be charged such that the revenues of the Authority will at all times be adequate to pay all administrative expenses, to pay punctually the principal of and interest on any bonds and to maintain reserves and sinking funds therefor, as may be required by the terms of any contracts with Bondholders; and to make and enforce rules and regulations for the management of its business and affairs.

The Authority was established as an instrumentality of the State for, among other purposes, the purpose of providing for the construction of public buildings, transportation facilities, the acquisition of equipment and the acquisition of property owned by the federal government. Subsequent amendments to the Act permit the Authority to provide for the construction of convention halls, solid waste disposal facilities, recreational/entertainment centers, low and moderate income housing, to plan, initiate and carry out redevelopment projects and to provide financing on behalf of certain non-profit entities. The Authority currently is the implementing agency for the County's Solid Waste Management Plan and develops and administers solid waste and recycling facilities and programs in the County, including a 75-acre landfill and a pretreatment facility.

The Authority's mailing address is currently 2 North High Street, Millville, New Jersey 08332.

Management

The governing body of the Authority consists of five members appointed by the Board of Chosen Freeholders of the County. The Authority's staff is supervised by the Authority's President/Chief Executive Officer. Gerard Velazquez, III has served as President/Chief Executive Officer of the Authority since April 1, 2013. The present members of the governing body of the Authority, their offices and the expiration dates of their terms as members are as follows:

Name	Office	Expiration of Term
Dale K. Jones	Chairman	February 2022
George M. Olivio	Vice Chairman	February 2023
Albert B. Kelly	Secretary	February 2020
Andre Lopez	Treasurer	February 2021
Robert P. Nedohon, Jr.	Assistant Treasurer	February 2024

Outstanding Authority Bonds

In August 2006, the Authority issued its Solid Waste System Revenue Bonds (Series 2006), in the aggregate principal amount of $24,485,000 (the "Series 2006 Bonds"), to finance improvements to the Authority's solid waste complex and disposal system, along with other improvements. A portion of the

Series 2006 Bonds were advance refunded by the Authority's $14,595,000 County Guaranteed Solid Waste System Revenue Refunding Bonds, Series 2015A (the "Series 2015A Bonds"). No Series 2006 Bonds remain outstanding as of the date hereof. The Series 2015A Bonds are not secured by the Indenture or the Pledged Property. The payment of the principal of and the interest on the Series 2015A Bonds are guaranteed by the County pursuant to a guaranty agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2015A Bonds. As of December 31, 2018, $13,260,000 principal amount of Series 2015A Bonds remained outstanding.

In October 2009, the Authority issued its Local Unit Program Bonds (Vineland Electric Utility Project), Series 2009A and Local Unit Program Bonds (Vineland Electric Utility Project), Series 2009B (Federally Taxable – Issuer Subsidy – Build America Bonds) (collectively, the "Series 2009 Bonds") in the aggregate principal amount of $60,000,000. The Series 2009 Bonds were issued for the benefit of the City of Vineland, County of Cumberland, New Jersey (the "City") and are secured by payments due to the Authority from the City. The Series 2009 Bonds are not secured by the Indenture or the Pledged Property. As of December 31, 2018, $57,500,000 principal amount of Series 2009 Bonds remained outstanding.

In May 2014, the Authority issued its County-Guaranteed Revenue Bonds (Facilities Acquisition Project), Series 2014, in the aggregate principal amount of $17,955,000 (the "Series 2014 Lease Revenue Bonds"), to finance the construction of an employment and training facility and the acquisition of an office building. The Series 2014 Lease Revenue Bonds are not secured by the Indenture or the Pledged Property. The payment of the principal of and the interest on the Series 2014 Lease Revenue Bonds are guaranteed by the County pursuant to a guaranty agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2014 Lease Revenue Bonds. As of December 31, 2018, $16,325,000 principal amount of Series 2014 Lease Revenue Bonds remained outstanding.

In October 2014, the Authority issued its County General Obligation Revenue Bonds (Technical High School Project), Series 2014, in the aggregate principal amount of $63,890,000 (the "Series 2014 Technical School Bonds"), to finance the construction of a new County technical school. The Series 2014 Technical School Bonds are not secured by the Indenture or the Pledged Property. The payment of the principal of and the interest on the Series 2014 Technical School Bonds is secured by loan repayments to be made by the County to the Authority pursuant to a loan agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2014 Technical School Bonds, which loan agreement is secured by an unconditional general obligation bond of the County issued by the County to the Authority. As of December 31, 2018, $58,670,000 principal amount of Series 2014 Technical School Bonds remained outstanding.

In August 2015, the Authority issued its Revenue Bonds (State Office Buildings Project), Series 2015, in the aggregate principal amount of $3,975,000 (the "Series 2015 State Office Building Bonds"), to finance the renovation of a portion of an existing facility in the City to be utilized through a lease by certain state agencies. The Series 2015 State Office Building Bonds are not secured by the Indenture or the Pledged Property. As of December 31, 2018, $3,535,000 principal amount of Series 2015 State Office Building Bonds remained outstanding.

In May 2017, the Authority issued indebtedness in connection with a financing involving the New Jersey Environmental Infrastructure Trust to finance a solid waste project (the "Series 2017A NJEIT Bonds" and the "Series 2017B NJEIT Bonds"). The Authority's Series 2017A NJEIT Bonds and Series 2017B NJEIT Bonds were initially issued in the aggregate principal amount of $10,185,515. The Series 2017A NJEIT Bonds and the Series 2017B NJEIT Bonds are not secured by the Indenture or the Pledged Property. The payment of the principal of and the interest on the Series 2017A NJEIT Bonds and the Series 2017B NJEIT Bonds are guaranteed by the County pursuant to a guaranty agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2017A NJEIT

Bonds and the Series 2017B NJEIT Bonds. As of December 31, 2018, $2,420,000 principal amount of the Series 2017A NJEIT Bonds remained outstanding and $7,000,336 principal amount of the Series 2017B NJEIT Bonds remained outstanding.

In October 2017, the Authority issued its Revenue Bonds (Office Building Acquisition Project), Series 2017 (Federally Taxable) in the aggregate principal amount of $12,000,000 (the "Series 2017 Office Building Bonds"), to finance the acquisition of an existing industrial/office complex in the City of Vineland. The Series 2017 Office Building Bonds are not secured by the Indenture or the Pledged Property. The payment of the principal of and the interest on the Series 2017 Office Building Bonds is secured by lease payments made to the Authority by the tenants that rent space in the industrial/office complex. As of December 31, 2018, $12,000,000 principal amount of Series 2017 Office Building Bonds remained outstanding.

In December 2017, the Authority issued its City General Obligation Lease Revenue Bonds (Vineland Public Safety Building Project), Series 2017, in the aggregate principal amount of $21,935,000 (the "Series 2017 Vineland Public Safety Building Bonds"), to finance the acquisition of certain real property in the City and the development and construction of a public safety facility in the City. The Series 2017 Vineland Public Safety Building Bonds are not secured by the Indenture or the Pledged Property. The payment of the principal of and the interest on the Series 2017 Vineland Public Safety Building Bonds are secured by lease payments made by the City to the Authority, which lease payments constitute general obligations of the City. As of December 31, 2018, $21,935,000 principal amount of Series 2017 Vineland Public Safety Building Bonds remained outstanding.

In December 2017, the Authority secured a term loan with TD Bank, N.A., in the amount of $7,357,350, secured by property located at East Broad to Willow Streets, City of Bridgeton, County of Cumberland, New Jersey to be used to fund a loan from the Authority to an investment fund in connection with a New Market Tax Credit transaction and to pay costs and expenses incident to closing the loan. As of December 31, 2018, the entire principal amount of the loan remained outstanding.

On September 13, 2018, the Authority issued its Revenue Bonds (Facilities Renovation Project), Series 2018, in the aggregate principal amount of $3,200,000 (the "Series 2018 Facilities Renovation Project Bonds"), to finance various renovations and improvements to the existing industrial/office complex in the City for use by the City. The Series 2018 Facilities Renovation Project Bonds are not secured by the Indenture or the Pledged Property. The payment of the principal of and the interest on the Series 2018 Facilities Renovation Project is secured by lease payments to be made to the Authority by the City. As of December 31, 2018, $3,200,000 principal amount of Series 2018 Facilities Renovation Project Bonds remained outstanding.

On December 13, 2018, the Authority issued its County Guaranteed Lease Revenue Bonds (County Correctional Facility Project), Series 2018, in the aggregate principal amount of $64,990,000 (the "Series 2018 Correctional Facility Project Bonds"), to finance the acquisition of property and construction of a holding center and criminal courtroom facility for use by the County. The Series 2018 Correctional Facility Project Bonds are not secured by the Indenture or the Pledged Property. The payment of the principal of and the interest on the Series 2018 Correctional Facility Project Bonds are secured by: (i) lease payments to be made to the Authority by the County of Cumberland; and (ii) a guaranty by the County pursuant to a guaranty agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2018 Correctional Facility Project Bonds. As of December 31, 2018, $64,990,000 principal amount of Series 2018 Correctional Facility Project Bonds remained outstanding.

In January 2019, the Authority issued its County General Obligation Revenue Bonds (Technical High School Project), Series 2019, in the initial aggregate principal amount of $21,035,000 (the "Series 2019 Technical School Bonds"), to finance the construction of improvements and renovations to the County technical school. The Series 2019 Technical School Bonds are not secured by the Indenture or the Pledged Property. The payment of the principal of and the interest on the Series 2019 Technical School Bonds is secured by loan repayments to be made by the County to the Authority pursuant to a loan agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2019 Technical School Bonds, which loan agreement is secured by an unconditional general obligation bond of the County issued by the County to the Authority. As of March 1, 2019, $21,035,000 principal amount of Series 2019 Technical School Bonds remained outstanding.

In addition to the indebtedness described above, the Authority has other indebtedness, including certain capital leases, none of which is secured by the Revenues or other Pledged Property pledged under the Indenture as security for the Series 2019 Bonds.

LITIGATION

Authority

In the opinion of Archer & Greiner, P.C., Haddonfield, New Jersey, General Counsel to the Authority, there is no litigation pending or, to the best of their knowledge, threatened which would restrain or enjoin the issuance or sale of the Series 2019 Bonds or in any way contesting the validity or affecting the authority for the issuance of the Series 2019 Bonds, the adoption of the Bond Resolution, or the authorization, execution and delivery by the Authority of the Loan Agreement or any other of the financing documents to which the Authority is a party, or the existence or powers of the Authority.

County

In the opinion of Theodore E. Baker, Esq., Bridgeton, New Jersey, County Counsel, there is no litigation pending or, to the best knowledge of County Counsel, threatened to restrain or enjoin the authorization, execution or delivery by the County of the County Guaranty, or in any way contesting or affecting the validity of the County Guaranty, or any proceedings of the County taken with respect to the authorization, execution or delivery of the County Guaranty or the Project. Also, there is no litigation pending or, to the best knowledge of County Counsel, threatened that would have a material and adverse impact on the financial condition of the County if adversely decided.

TAX MATTERS

Federal Tax Matters

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Authority, assuming continuing compliance by the Authority with its respective tax covenants described below, under existing law, interest on the Series 2019 Bonds is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (as amended, the "Code"), and is not a specific item of tax preference under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals pursuant to Section 55 of the Code.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the Series 2019 Bonds received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the Series 2019 Bonds, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year, if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In rendering its opinion, Bond Counsel has assumed continuing compliance by the Authority, with the covenants contained in the Indenture and in the Certificate as to Nonarbitrage and Other Tax Matters that they will comply with the applicable requirements of the Code. These covenants relate to, *inter alia,* the use and investment of proceeds of the Series 2019 Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Authority to comply with such covenants could result in the interest on the Series 2019 Bonds being subject to federal income tax from the date of issue. Bond Counsel has not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date of issuance of the Series 2019 Bonds that may affect the tax-exempt status of the interest of the Series 2019 Bonds.

Ownership of the Series 2019 Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain holders of an interest in a financial asset securitization investment trust, controlled foreign corporations, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Series 2019 Bonds will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Series 2019 Bonds is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by household income. Section 36B(d) of the Code provides that household income consists of the modified adjusted gross income of the taxpayer and certain other individuals. Modified adjusted gross income means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Series 2019 Bonds.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986, other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Series 2019 Bonds are *not* "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Owners of the Series 2019 Bonds should consult their own tax advisors as to the applicability and effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on passive investment income of S corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

Tax Accounting Treatment of Discount Bonds

The initial public offering price to be paid for certain Series 2019 Bonds may be less than the amount payable on such Series 2019 Bonds at maturity (the "Discount Bonds"). An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bonds. A portion of such original issue discount, allocable to the holding period of a Discount Bond by the initial purchaser, will be treated as interest for federal income tax purposes, excludable from gross income on the same terms and conditions as those for other interest on the Series 2019 Bonds. Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during his taxable year. However, such accrued interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation, for purposes of calculating a corporation's alternative minimum tax imposed by Section 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, property and casualty insurance companies, life insurance companies, S corporations with subchapter C earnings and profits, holders of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. In the event of the sale or other taxable disposition of a Discount Bond prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income. Owners of Discount Bonds should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued interest upon disposition of Discount Bonds and with respect to the state and local tax consequences of owning Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

Tax Accounting Treatment of Premium Bonds

The initial public offering price to be paid for certain Series 2019 Bonds may be greater than the stated redemption price on such Series 2019 Bonds at maturity (the "Premium Bonds"). An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and its stated redemption price at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium with respect to the Premium Bonds. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

New Jersey Tax Matters

Bond Counsel is also of the opinion that interest on the Series 2019 Bonds and any gain from the sale thereof are not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as presently enacted and construed.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the United States Congress and in the states that, if enacted, could alter or amend the Federal and State tax matters referred to above or adversely affect the market value of the Series 2019 Bonds. It cannot be predicted whether or in what form any such proposals might be enacted or whether, if enacted, any such proposal would apply to bonds or notes issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2019 Bonds.

PROSPECTIVE PURCHASERS OF THE SERIES 2019 BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING ANY FEDERAL AND STATE INCOME TAX LEGISLATION, WHETHER CURRENTLY PENDING OR PROPOSED, REGULATORY INITIATIVES OR LITIGATION. THE OPINIONS EXPRESSED BY BOND COUNSEL ARE BASED UPON EXISTING LEGISLATION AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY AUTHORITIES AS OF THE DATE OF ISSUANCE AND DELIVERY OF THE SERIES 2019 BONDS AND BOND COUNSEL HAS EXPRESSED NO OPINION AS OF ANY DATE SUBSEQUENT THERETO OR WITH RESPECT TO ANY PENDING LEGISLATION, REGULATORY INITIATIVES OR LITIGATION.

PLEDGE OF THE STATE NOT TO LIMIT POWERS OF AUTHORITY OR RIGHTS OF BONDHOLDERS

The Act sets forth the pledge and agreement that the State will not limit or alter the rights vested by the Act in the authorities organized thereunder to fix, establish, charge and collect service charges and to fulfill the terms of any agreements made with holders of obligations of authorities or in any way impair the rights and remedies of such holders, until such obligations, together with interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of such holders, are fully met and discharged.

NEGOTIABILITY OF THE SERIES 2019 BONDS

Section 24 of the Act, *N.J.S.A.* 40:37A-67, provides that any bond or obligation issued pursuant to the Act shall be fully negotiable within the meaning and for all purposes of the negotiable instruments law of the State and each holder or owner of such bond or other obligation, or of any coupon appurtenant thereto, by accepting such bond or coupon shall be conclusively deemed to have agreed that such bond, obligation or coupon is and shall be fully negotiable within the meaning and for all purposes of said negotiable instruments law.

THE SERIES 2019 BONDS NOT A DEBT OF THE STATE

The Series 2019 Bonds shall not in any way be a debt or liability of the State or any political subdivision thereof or create or constitute any indebtedness, liability or obligation of the State or any political subdivision thereof other than the obligation of: (i) the Authority, which has no taxing power, which obligation is limited to the Pledged Property; and (ii) the County, which has pledged, pursuant to the County Guaranty, its full faith and credit and will be obligated to levy *ad valorem* taxes on all taxable property within the jurisdiction of the County in an amount sufficient to provide for payment under the County Guaranty as is needed to pay, when due, the principal of and interest on the Series 2019 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS" herein.

CONTINUING DISCLOSURE

In accordance with the provisions of Rule 15c2-12, as amended (the "Rule"), promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934, as amended, prior to the issuance of the Series 2019 Bonds, the County will enter into a Continuing Disclosure Agreement (the "County Disclosure Agreement"), substantially in the form set forth in APPENDIX "F" hereto.

The County has previously entered into written undertakings to providing ongoing disclosure pursuant to the requirements of the Rule. Within the five years immediately preceding the date of this Official Statement, the County previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements, with respect to all or some of the affected issues: (i) audited financial information, as required, for the year ending December 31, 2013; (ii) annual debt statements, as required, for the year ending December 31, 2013; and (iii) its adopted budget for fiscal year ending December 31, 2018. While an auditor's compilation report for the year ending December 31, 2013, which contains the County's financial data, was filed on July 16, 2014, the final audited financial information was not filed until March 7, 2016. Additionally, in certain instances, the County may not have associated all filings with all outstanding issues for which such filings may have been required. The County has subsequently filed such items contained in (i), (ii) and (iii) above, along with the required event notices. The County has also failed to timely file various required notices regarding (a) its bond issuer rating changes; (b) certain bond insurer rating changes; and (c) notices regarding its failure to file certain financial information and operating data, but the County has subsequently filed such notices. The County appointed Phoenix Advisors, LLC in October of 2014 to serve as continuing disclosure agent.

The Authority has previously entered into written undertakings to provide ongoing disclosure pursuant to the requirements of the Rule. Within the five years immediately preceding the date of this Official Statement, the Authority previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements: (i) audited financial information for the fiscal years ending December 31, 2015 and 2016; (ii) operating data for the fiscal years ending December 31, 2014, 2015, and 2016 with respect to the "Facilities" (as defined in the Official Statement for the Series 2014 Lease Revenue Bonds) and (iii) adopted budgets for the Facilities for fiscal years ending December 31, 2015 (which represented the first full fiscal year budget adopted with respect to the Facilities), 2016 and 2017. Additionally, the Authority previously failed to file late filing notices in connection with its untimely filings of: (i) audited financial information; (ii) operating data; and (iii) adopted budgets, all as described above, and late filing notices and/or event notices in connection with certain bond insurer rating changes in 2013 and 2014. Such notices of events and late filings have since been filed. The Authority appointed Phoenix Advisors, LLC in December of 2017 to serve as continuing disclosure agent.

MUNICIPAL BANKRUPTCY

THE BELOW REFERENCES TO THE BANKRUPTCY CODE ARE NOT TO BE CONSTRUED AS AN INDICATION THAT THE AUTHORITY OR THE COUNTY EXPECTS TO RESORT TO THE PROVISIONS OF SUCH BANKRUPTCY CODE OR THAT, IF IT DID, SUCH ACTION WOULD BE APPROVED BY THE LOCAL FINANCE BOARD, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCES OF PAYMENT OF AND SECURITY FOR THE SERIES 2019 BONDS.

The undertakings of the Authority and the County should be considered with reference to Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code"), 11 U.S.C. §§901 to 946. Under Chapter 9 of the Bankruptcy Code, a municipality, which is a political subdivision or public agency or instrumentality of the State, that is insolvent or unable to meet its debts may file a petition in a United States Bankruptcy Court (the "Bankruptcy Court") to adjust the debt of the municipality. Chapter 9 of the Bankruptcy Code does not permit the municipality to liquidate its assets and distribute the proceeds of its assets to its creditors. Chapter 9 of the Bankruptcy Code permits a financially distressed municipality to seek protection from its creditors by staying the commencement or continuation of certain actions against the municipality while it formulates and negotiates a plan of adjustment of its debts which can be binding on a dissenting minority of creditors if it is acceptable to the majority of creditors. Should the Authority or the County file a petition in the Bankruptcy Court under Chapter 9 of the Bankruptcy Code prior to the payment in full of the principal of and interest on the Series 2019 Bonds, the Holders of the Series 2019 Bonds would be considered creditors and would be bound by the municipality's plan of adjustment of its debt.

Reference should also be made to *N.J.S.A.* 52:27-40 *et seq.* which provides that any "political subdivision" of the State as defined therein, which includes the Authority and the County, has the power to file a petition with the Bankruptcy Court under Chapter 9 of the Bankruptcy Code provided the "political subdivision" has obtained approval of the Local Finance Board. Section 903 of the Bankruptcy Code, 11 U.S.C. §903, specifically provides that Chapter 9 of the Bankruptcy Code does not limit or impair the power of a state to control, by legislation or otherwise, a municipality of or in such state in the exercise of the political or governmental powers of such municipality; provided, however, that a state law prescribing a method of composition of indebtedness of the municipality may not bind any creditor that does not consent to such composition and that a judgment entered under such state law may not bind a creditor that does not consent to such composition.

APPROVAL OF LEGAL PROCEEDINGS

The authorization, issuance, sale and delivery by the Authority of the Series 2019 Bonds to the Underwriter are subject to the approval of certain legal matters by Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Authority. The opinion of Bond Counsel is expected to be delivered in substantially the form included as APPENDIX "E" to this Official Statement. Certain legal matters will be passed on for the Authority by its counsel, Archer & Greiner, P.C., Haddonfield, New Jersey; for the County by Theodore E. Baker, Esq., Bridgeton, New Jersey, County Counsel and by McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, County Bond Counsel; and for the Underwriter by its counsel, Saul Ewing Arnstein & Lehr LLP, Princeton, New Jersey.

The various legal opinions and/or certifications to be delivered concurrently with the delivery of the Series 2019 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion and/or certification, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction, nor does the rendering of an opinion and/or certification guarantee the outcome of any legal dispute that may arise out of the transaction.

LEGALITY FOR INVESTMENT

The Act provides that: (i) the State and all public officers, municipalities, counties, political subdivisions and public bodies and agencies thereof; (ii) all banks, trust companies, savings banks and institutions, building and loan associations, savings and loan associations, investment companies and other persons carrying on a banking business; (iii) all insurance companies, insurance associations and other persons carrying on an insurance business; and (iv) all executors, administrators, guardians, trustees and other fiduciaries in the State may legally invest any sinking funds, moneys or other funds belonging to them or within their control in the obligations of authorities organized thereunder, including the Series 2019 Bonds, and that such obligations are authorized security for any and all public deposits.

RATING

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC ("S&P"), has assigned its municipal bond rating of "AA-" to the Series 2019 Bonds, based upon the security provided by the County Guaranty.

Generally, rating agencies base their ratings on information and materials so furnished and on investigations, studies and assumptions by the rating agencies. The rating assigned to the Series 2019 Bonds reflects only the view of S&P at the time such rating was issued, and an explanation of the significance of such rating may be obtained only from S&P. Such rating is not a recommendation to buy, sell or hold the Series 2019 Bonds and may be subject to revision or withdrawal at any time. There is no assurance that such rating will continue for any given period of time or that it will not be lowered or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2019 Bonds.

None of the Authority, the County or the Underwriter has undertaken any responsibility to maintain any particular rating on the Series 2019 Bonds.

INDEPENDENT AUDITOR

An Except of the Compiled Financial Statements of the County for the year ended December 31, 2018 and an excerpt of the Report of Audit of Financial Statements of the County for the years ended December 31, 2017, 2016, 2015, 2014 and 2013 is included in APPENDIX "B" to this Official Statement. The financial statements of the County for the years 2013 through and including 2017 have been audited by Bowman & Company LLP, Voorhees, New Jersey, independent certified public accountants, as stated in the excerpt of their report appearing in APPENDIX "B" to this Official Statement.

The Report of Audit of Financial Statements of the Authority for the years ended December 31, 2017 and 2016 is included in APPENDIX "C" to this Official Statement. The financial statements of the Authority have been audited by Romano, Hearing, Testa & Knorr, Vineland, New Jersey, independent certified public accountants, as stated in the report appearing in APPENDIX "C" to this Official Statement.

UNDERWRITING

Raymond James & Associates, Inc., as underwriter ("Underwriter"), has agreed, pursuant to a bond purchase contract with the Authority (the "Bond Purchase Contract"), subject to certain conditions, to purchase the Series 2019 Bonds from the Authority. The purchase price for the Series 2019 Bonds shall be $____________ (representing the principal amount of the Series 2019 Bonds, [plus/less] [net] original issue [premium/discount] in the amount of $___________, less Underwriter's discount in the amount of $_________).The Underwriter is obligated to purchase all of the Series 2019 Bonds if any Series 2019 Bonds are purchased. The obligation of the Underwriter to accept delivery of the Series 2019 Bonds is subject to various conditions contained in the Bond Purchase Contract.

The initial public offering yields for the Series 2019 Bonds may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Series 2019 Bonds to certain dealers (including dealers depositing bonds into investment trusts) and certain dealer banks acting as agents at yields higher than the public offering yields stated on the inside front cover page hereof for the Series 2019 Bonds.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Authority and/or the County for which it received or will receive customary fees and expenses.

In the ordinary course of its various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for its own account and for the accounts of its customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority.

MUNICIPAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey has served as municipal advisor to the Authority with respect to this transaction (the "Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement and the Appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

APPENDICES

APPENDIX "A" to this Official Statement consists of certain general and financial information concerning the County which has been provided by the County from public documents of the County and from other public or official documents or publications which are referred to therein. Neither the Authority, Bond Counsel, the Municipal Advisor nor the Underwriter has confirmed the accuracy or completeness of said information, and the Authority, Bond Counsel, the Municipal Advisor and the Underwriter disclaim any responsibility for the accuracy or completeness thereof.

APPENDIX "B" to this Official Statement consists of an Excerpt of the Compiled Financial Statements of the County for the year ended December 31, 2018 and an excerpt of the Report of Audit of Financial Statements of the County for the years 2013 through and including 2017, which have been provided by the County from public documents of the County and from other public or official documents or publications which are referred to therein. A copy of the complete Report of Audit of Financial Statements of the County may be obtained upon request to the office of the Chief Financial Officer of the County. Neither the Authority, Bond Counsel, the Municipal Advisor nor the Underwriter has confirmed the accuracy or completeness of said information, and the Authority and the Underwriter disclaim any responsibility for the accuracy or completeness thereof.

APPENDIX "C" to this Official Statement consists of the Report of Audit of Financial Statements of the Authority for the years ended December 31, 2017 and 2016, which has been provided by the Authority from public documents of the Authority and from other public or official documents or publications which are referred to therein. Neither the County, Bond Counsel, the Municipal Advisor nor the Underwriter has confirmed the accuracy or completeness of said information, and the Underwriter disclaims any responsibility for the accuracy or completeness thereof.

APPENDIX "D" to this Official Statement consists of the proposed form of the Indenture.

APPENDIX "E" to this Official Statement consists of the proposed form of Opinion of Bond Counsel to the Authority.

APPENDIX "F" to this Official Statement consists of the proposed form of the Continuing Disclosure Agreement.

CERTAIN RELATIONSHIPS

Parker McCay P.A., Bond Counsel to the Authority, from time to time provides legal services to the Underwriter in matters unrelated to the Series 2019 Bonds.

MISCELLANEOUS

The execution and delivery of this Official Statement has been duly authorized by the Authority. Concurrently with the delivery of the Series 2019 Bonds, the Authority will furnish a certificate to the effect that nothing has come to the Authority’s attention that would lead the Authority to believe that the Official Statement, in final form, contains any untrue statement of a material fact or omits to state any information necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. Certain information contained in this Official Statement has been obtained from sources other than the Authority. All quotations from and summaries and explanations of provisions of laws, statutes, resolutions and agreements herein do not purport to be complete and reference should be made to said laws, statutes, resolutions and agreements for a full and complete statement of their provisions.

This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or holders of any of the Series 2019 Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or the Authority since the date hereof.

The execution by its President/Chief Executive Officer and the delivery of this Official Statement is duly authorized by the Authority.

THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY

By:____________________________________
Gerard Velazquez, III
President/Chief Executive Officer

APPENDIX A
Certain Information Concerning the County

GENERAL INFORMATION ON THE COUNTY

Cumberland County (the "County") is located in the southwestern corner of the State of New Jersey, equidistant from New York City and Baltimore-Washington (120 miles) and 35 miles from the Philadelphia-Camden area and Atlantic City. Its 489.3 square miles are bordered by Salem, Gloucester, Atlantic and Cape May Counties. The County is within 300 miles of 1/3 of the nation's population.

The County, for census taking and reporting purposes, is classified as a Metropolitan Statistical Area (MSA) and as such is identified in census reports as the Vineland-Millville-Bridgeton, New Jersey MSA. It is one of three MSA's comprising the Philadelphia-Camden-Vineland, PA-NJ-DE-MD Combined Statistical Area (CSA) which had a 2010 population of approximately 6,533,683 persons, and exerts a major influence on the County's economic and social system. The County has 14 incorporated areas. These municipalities consist of three cities, one borough and ten townships. For statistical purposes, all are considered a part of the MSA.

The Cumberland County College, the Cumberland County Technical Education Center, the County Office of Employment and Training, the Cumberland County Economic Development Board and programs offered by state and federal agencies provide a constant supply of skilled industrial, commercial and service workers trained to meet specific needs. Most programs are of little or no cost to employers. The County's commercial and industrial job opportunities are centered in the cities of Bridgeton, Millville and Vineland. The remainder of the County supports the agriculture, sand mining, health sciences, advanced manufacturing, transportation, hospitality and retail enterprises.

Population (1)

Bridgeton, Millville and Vineland are the urban core of the County. Vineland is the largest city in the state in land area (69.5 square miles) with a 2010 population of 60,724. Neighboring Millville (43.0 square miles) has a population of 28,400. Bridgeton, the County seat, has a population of 25,349. Maurice River is the largest Township with a population of 7,976; Upper Deerfield is the second largest of the Townships with a population of 7,660; and Fairfield is the third largest Township with a population of 6,295. The following population counts and estimates are from both the U.S. Census and ESRI, one of the nation's largest demographic and economic forecasting clearing houses.

2017 Estimated Population (ESRI)	158,706
2016 Estimated U.S. Census Bureau	153,797
2010 Decennial Census	156,898
2000 Decennial Census	146,438
1990 Decennial Census	138,053
1980 Decennial Census	132,866

[1] Source: U.S. Census Bureau, 2010 Population.

Labor Force (1)

	2018	2017	2016	2015	2014
Labor Force	65,742	66,400	67,200	67,033	66,125
Employment	61,500	61,800	62,200	60,917	59,308
Unemployment	4,250	4,600	5,000	6,180	6,817
Unemployment Rate	6.5%	7.0%	7.5%	9.1%	10.3%

[1] Source: State of New Jersey Department of Labor

COUNTY AGE CHARACTERISTICS – 2010 and 2017

AGE/YEARS	TOTAL 2010	PERCENTAGE OF POPULATION	ESTIMATED TOTAL 2017	PERCENT OF POPULATION
Under 15	31,222	19.9	30,472	19.2
15-24	21,495	13.7	19,997	12.6
25-34	22,593	14.4	24,441	15.4
35-44	22,280	14.2	20,949	13.2
45-54	22,280	14.2	20,473	12.9
55-64	17,416	11.1	18,886	11.9
65+	19,612	12.5	23,488	14.8
TOTAL POP	156,898	100.0	158,706	100.0

Source: ESRI, 2017 data and U.S. Census

Transportation

The County is located less than one hour's drive from Philadelphia, Wilmington and Atlantic City, and is situated in the Delaware Valley and the Northeast corridor.

Eighty-four miles of state highways, including Routes #47, #49, #77 and #55 (a four-lane freeway) bisect the County, east-west and north-south. These routes make connections with U.S. Highway #40 as well as the New Jersey Turnpike, Interstate #295 and Interstate #42 (the Atlantic City Expressway). The County-maintained roads, totaling 556 miles, provide much of the highway transportation.

The link-up of Route #55 from Port Elizabeth in the southern part of the County to the Route #42 Freeway stretch in southern Gloucester County is the main artery into and out of the County. This uninterrupted road link to the Philadelphia metropolitan area has added a new dimension to the County's transportation network. The County's historic geographic isolation from urban population centers of the East Coast has ended, enabling the County's businesses to gain speedy access to those markets.

NJ Transit runs four fixed bus routes through several municipalities in the County:

- **Route # 313** Cape May to Philadelphia runs through Maurice River Township, Millville and Vineland;
- **Route # 408** Millville to Philadelphia runs through Millville and Vineland;
- **Route # 410** Bridgeton to Philadelphia runs through Bridgeton and Upper Deerfield;
- **Route # 553** Upper Deerfield to Atlantic City runs through Upper Deerfield, Bridgeton, Fairfield, Millville and Vineland.

The County operates the Cumberland Area Transit Service (CATS), a demand-response service for the elderly and disabled, veterans and, with limitations, for the general public in small buses.

Five commercially licensed airfields are located in the County, including Millville Airport, the second largest in the state with its two runways in excess of 5,000 feet long, capable of handling large jets.

Rail service is handled by Conrail and Winchester & Western Railroads, providing freight transportation to most of the County's municipalities. The Winchester and Western Railroad, a short-line carrier, has shown steady growth in the number of annual carloads since taking over much of Conrail's local freight service in 1987.

As required by the Federal government, transportation planning and decision-making for urbanized areas is carried out through Metropolitan Planning Organizations (MPO). On July 1, 1993, the South Jersey Transportation Planning Organization (SJTPO) was designated the MPO for the southern New Jersey counties of Atlantic, Cape May, Cumberland and Salem. The SJTPO was formed to allow a stronger regional approach to solving transportation problems and brings new opportunities to southern New Jersey. MPOs coordinate the planning activities of participating agencies in the region. The MPOs have become partners with state government in deciding how available federal transportation dollars are spent and bring transportation decisions closer to those served. The County prepares yearly revisions to the Transportation Improvement Program for the next five-year period.

Industries/Economic Development

The growth of industrial activity in the County in the Twenty-first Century has been marked by an increase in the number of advanced manufacturing establishments and workers, total wages paid to employees of manufacturers and a many fold increase in the "value added" to manufactured products. The fact that average family income in the County is well below state average is attributable to the seasonality of much of the area's industrial employment and the fact that less than average weekly wages are paid by the County's leading industrial groups.

Manufacturing establishments in the County provide employment for more than 7,428 workers, or 11.7% of the labor force. The County's high proportion of manufacturing workers is partially explained by the fact that the County's tri-city area is a relatively self-contained urban community in which an unusual amount of manufacturing activity is concentrated. All the essential elements of a "home-grown" industrial complex appear to be present in the County.

The Cumberland Empowerment Zone Corporation (CEZ) was established in 1999 following Round II Empowerment Zone designation by the U.S. Department of Housing & Urban Development. The CEZ is unique in that it is the only county-based Empowerment Zone in the nation. It was spawned through a cooperative effort of four municipalities (Bridgeton, Millville, Vineland and Commercial Township), the County, and the State of New Jersey.

The goal of the Empowerment Zone program is to expand economic opportunity in targeted communities and neighborhoods in the County. A number of important local projects and initiatives have been funded by the CEZ. These include expansion of industrial parks, neighborhood redevelopment projects, transportation and infrastructure investment, small business training and support, business loan and incentive programs and many other community development projects. The CEZ has been recognized as one of the top performing empowerment zones in the nation.

During the last 10 years, the CEZ has funded over 130 job-creating projects throughout the County. The CEZ has leveraged $25.6 million in federal dollars with $223.8 million in public and private funding to fund and support the creation of over 1,400 present and anticipated job opportunities for residents of the most distressed communities in the County. The CEZ has been a demonstrated catalyst for change, committed to improving the quality of life for County residents.

In 2004, the Inspira Health Network's new regional hospital opened near the Cumberland County College in Vineland. This new hospital has helped improve the health services as well as the economic profile of the County. The hospital currently employs 2,900 persons in a diverse range of professions. Its workforce has expanded significantly since its inception and is the County's largest employer. Adjacent to the hospital is a private rehabilitation clinic and other medical offices. Various additional new buildings are planned at the College and will help to make the interchange at Route 55/Sherman Avenue one of the employment hubs of the eastern part of the County.

Even though industry has played a dominant role in the County's economic activity, the importance of the area's agricultural pursuits cannot be minimized. The County has retained its position as New Jersey's leading county in terms of the value of agricultural products sold. The fertile land and active rural work force has led to the establishment of major food processing, freezing, storage and distribution plants bearing the names of Seabrook Brothers & Sons, Manischewitz, Venice Maid, Pappas, Plochman, Cumberland Dairy and White Wave. Cumberland Dairy, for instance, employs 100 people making the milkshake blends used by hundreds of fast food establishments within a 150-mile radius. White Wave established a soy processing plant in Bridgeton. Vineland is the home of the largest farmers' cooperative produce auction east of the Mississippi.

The latest (2012) US Census of Agriculture ranked the County as New Jersey's highest grossing county with a market value of agricultural products sold totaling over $170 million. The County is the largest producer of nursery and horticulture products in the state, producing nearly $100 million worth (wholesale) of plants annually. The County also has higher sales of vegetables than any other county in the state, totaling over $43 million in 2012. In total, agriculture employs better than 5,000 people in the County and contributes roughly $2 billion to the County economy in sales, payroll and expenditures.

The Rutgers Agricultural Research and Extension Center in Upper Deerfield generates and dispenses research applicable to the production of high-quality vegetable crops, ornamentals, field crops, and tree and small fruits, with special emphasis on crop protection and integrated pest management. The center stimulates the production of crops with maximum benefit to the New Jersey economy and minimum risk to the environment.

Another Rutgers facility in the County is The Rutgers Food Innovation Center (FIC), a unique food business incubation and economic development accelerator program. FIC is a distinctive food industry resource focused on developing, commercializing, marketing and selling food and beverage products. Since the County is one of the leading counties of agricultural products sold, the Food Innovation Center will enhance the types of produce that will be grown in the County.

As a companion project to the FIC, a new, 30,000 s.f. food specialization center will begin construction this year. The center will provide a location for food business startups as well as established food companies. The new facility will bring up to 190 new jobs to the Bridgeton area and Cumberland County.

The glass industry is still present in the County. Durand International, the largest family owned glass manufacturer in France, constructed their first American Manufacturing facility in the City of Millville in 1982. Durand specializes in fine quality crystal tableware and gift items. Other glass manufacturing plants continue to report generally satisfactory conditions. They are divided between bottle manufacturing and specialty glassware production, especially laboratory and medical paraphernalia.

The County has many advantages for distribution centers. With 70 million people living within an overnight truck drive, a vast consumer and industrial market can be reached easily. Extensive cold storage (frozen) facilities are located in the Seabrook and Vineland areas.

The three cities, Bridgeton, Millville and Vineland, have industrial parks in various stages of development:

Millville 250 acres
Millville Airport 200 acres (exclusive of airport operations)
Vineland 252 acres
Bridgeton 68 acres

In Vineland and Bridgeton, additional tracts have been proposed for industrial use. Vineland is in the early stages of acquisition and design of a new industrial park in the western side of the City, and is also working to redevelop a 250 acre property along Lincoln Avenue, just off of NJ Route 55. Millville's airport is a substantial and expanding industrial complex open to industries associated with the aviation field. The complex offers services ranging from large jet engine repair facilities to FAA inspection agencies. Four paved runways at Millville Airport can handle large jets, making it one of the largest aviation centers in New Jersey. With the increased interest in drone aircraft manufacturing and distribution, the County is receiving renewed interest in the many assets the Airport has to offer.

The United States Department of Commerce has designated Millville's Municipal Airport as a Foreign Trade Zone (FTZ). Companies operating in the zone can receive, store or assemble foreign goods without being subject to full United States Customs duties or federal excise taxes, which helps these companies to compete against foreign manufacturers.

In October, 1999 the Delaware River and Bay Authority took over operations of the Millville Municipal Airport in a 30 year lease of the 916 acre facility for a $1.3 million lump-sum payment to the City, with two options for renewal of the lease. The CEZ will provide assistance to businesses and enhance development at the airport.

The much anticipated opening of the New Jersey Motorsports Park (NJMP) in Millville occurred in 2008. On over 700 acres, NJMP offers an incredible amount of diverse and dynamic motorsports attractions. Phase I includes two road courses (Thunderbolt and Lightning), an exclusive motorsports country club known as the Drivers Club, VIP Suites, a first class karting facility where anyone can experience the thrill of motorsports behind the wheel for the first time, concessions and Shade Tree Garages. Phase II includes unique trackside Villa homes, a commercial corner (retail, restaurants and commercial services), driving/training school, two restaurant pads, Trackside Raceplex and Research Development Campus (approximately 400,000 square feet) and much more.

A Bridgeton Urban Enterprise Zone (UEZ) was initiated in 1985. The joint Millville/Vineland UEZ was designated in April 1986. Urban Enterprise Zones are designed to promote private capital investment and attract new business in selected areas of New Jersey through the use of tax incentives, thereby creating new employment opportunities. Both the Bridgeton and Millville Urban Enterprise Zones were extended by an act of the New Jersey Legislature in late 2001. This extension has provided millions of dollars in additional revenue to these cities to help with industrial development, infrastructure investments, and community revitalization. The Bridgeton UEZ expired in January 2017 and the Millville/Vineland UEZ was set to expire in 2019. On May 30, 2018, Governor Murphy signed Senate Bill 846 (A3549) which reinstated the expired Bridgeton UEZ. This law also extends the duration of all UEZ's expiring before December 31, 2023. Effective with the passage of this law, the expiration date for the Bridgeton UEZ and Millville/Vineland UEZ is now December 31, 2023.

The Cumberland County Economic Development Board coordinates efforts of County agencies such as: the Improvement Authority; Employment and Training; Technical Education Center; and County College. The Board works closely with the three cities, eleven municipalities, other public agencies, business developers, and private organizations to attract additional development to the County.

The Board continues to focus on five objectives: 1) promotion of the County and its business climate, 2) maintaining and improving the quality of life, 3) retention and expansion of existing businesses, 4) attraction of applicable and labor-available industries; and 5) dissemination of information and technical reports that inform the business sector on pertinent topics.

The County was one of the first four sites throughout the State that created a one-stop career center. The career center houses the County's social services and job training offices, the State employment and unemployment offices, and a child care services office of Tri-County Community Action Agency. Workforce New Jersey, a one-stop career center system, provides New Jersey employers, workers, students and job seekers with simple, direct and comprehensive access to all employment, training, education and human services programs, as well as a variety of information to the business community.

To attract and support Twenty-first Century industries, in 2016 the Cumberland County Technical Education Center opened the doors on its new $70,000,000 full time four year high school adjacent to the Cumberland County College. This project brought 107 new full-time professional jobs to the County and is estimated to have had a $295,000,000 direct and indirect impact on the County economy.

Cumberland County offers the area's best incentive package, accessible and affordable sites and the region's most available and hardworking labor force. A Federal Empowerment Zone designation, two Urban Enterprise Zones, flexible financing, and low business costs make the County competitive with all areas of the country. In addition there is some of the finest executive housing at very reasonable costs. Lastly, a quality educational system, which produces highly trained and capable students, employees and citizens, makes the County a great place to do business. An outstanding partnership between the Technical High School, the Cumberland County College, the Cumberland-Salem-Cape May Workforce Investment Board affords the County one of the top workforce training programs in the State.

Cumberland County Improvement Authority

The Cumberland County Improvement Authority (the "Improvement Authority") is a public body corporate and politic of the State and was created by a resolution of the Board of Chosen Freeholders of the County adopted on December 30, 1980, pursuant to the County Improvement Authority Law. The Improvement Authority was established as an instrumentality of the State for, among other purposes, providing for the construction of public buildings, transportation facilities, the acquisition of equipment and the acquisition of property owned by the federal government. Subsequent amendments to the County Improvement Authority Law permit the Improvement Authority to provide for the construction of convention halls, solid waste disposal facilities, recreational/entertainment centers, low and moderate income housing, to plan, initiate and carry out redevelopment projects and to provide financing on behalf of certain non-profit entities.

Since its inception, the Improvement Authority's primary responsibility has been to maintain the financial stability and operating efficiencies of the solid waste facility in a deregulated atmosphere while continuing to offer and expand the environmentally beneficial programs to its constituency. The Improvement Authority's Solid Waste Complex is the home of the Sanitary Landfill and related solid waste and recycling initiatives. Three capital infrastructure projects have been completed at the Solid Waste Complex in recent years. They include a $19.1 million expansion of three cells increasing the landfill by 35 acres, projected to accommodate the County until 2041, $1.6 million for expansion and upgrades to on site leachate purification, and continual methane gas capture expansion. The benefit of these projects is to decrease processing costs, provide a long-term accommodation of solid waste and reduce the use of fossil fuels and greenhouse emissions. Additional capital projects include a $2.2 million truck wash and $3.2 million Compressed Natural Gas fueling station to serve the community.

Economic Impact and Redevelopment Initiatives of the Improvement Authority

In addition to its primary responsibility of operating the County's Solid Waste Facility, the Improvement Authority has become the County's designated economic and redevelopment entity and has undertaken a significant portfolio for County, State, Local, and not-for-profit entities with services consisting of the acquisition, construction, leasing, and facility management. Other activities include a "Conduit Bond Financing Program," a government equipment lease program, fleet maintenance services, alternative energy projects, and real estate transactions on behalf of the County. Major projects include the County Board of Social Services and Office of Employment and Training; Center for Workforce and Economic Development; Arts and Innovation Center; Technical Education Center and Health Sciences addition; Vineland Police Station; and County Correctional Facility. The Authority remains committed to identifying cost savings, revitalization, and job creation opportunities through county-wide feasibility studies and other initiatives.

Outstanding Improvement Authority Bonds

In August 2006, the Authority issued its Solid Waste System Revenue Bonds (Series 2006), in the aggregate principal amount of $24,485,000 (the "Series 2006 Bonds"), to finance improvements to the Authority's solid waste complex and disposal system, along with other improvements. A portion of the Series 2006 Bonds were advance refunded by the Authority's $14,595,000 County Guaranteed Solid Waste System Revenue Refunding Bonds, Series 2015A (the "Series 2015A Bonds"). No Series 2006 Bonds remain outstanding as of the date hereof. The payment of the principal of and the interest on the Series 2015A Bonds are guaranteed by the County pursuant to a guaranty agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2015A Bonds. As of December 31, 2018, $13,260,000 principal amount of Series 2015A Bonds remained outstanding.

In October 2009, the Authority issued its Local Unit Program Bonds (Vineland Electric Utility Project), Series 2009A and Local Unit Program Bonds (Vineland Electric Utility Project), Series 2009B (Federally Taxable – Issuer Subsidy – Build America Bonds) (collectively, the "Series 2009 Bonds") in the aggregate principal amount of $60,000,000. The Series 2009 Bonds were issued for the benefit of the City of Vineland, County of Cumberland, New Jersey (the "City") and are secured by payments due to the Authority from the City. As of December 31, 2018, $57,500,000 principal amount of Series 2009 Bonds remained outstanding.

In May 2014, the Authority issued its County-Guaranteed Revenue Bonds (Facilities Acquisition Project), Series 2014, in the aggregate principal amount of $17,955,000 (the "Series 2014 Lease Revenue Bonds"), to finance the construction of an employment and training facility and the acquisition of an office building. The payment of the principal of and the interest on the Series 2014 Lease Revenue Bonds are guaranteed by the County pursuant to a guaranty agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2014 Lease Revenue Bonds. As of December 31, 2018, $16,325,000 principal amount of Series 2014 Lease Revenue Bonds remained outstanding.

In October 2014, the Authority issued its County General Obligation Revenue Bonds (Technical High School Project), Series 2014, in the aggregate principal amount of $63,890,000 (the "Series 2014 Technical School Bonds"), to finance the construction of a new County technical school. The payment of the principal of and the interest on the Series 2014 Technical School Bonds is secured by loan repayments to be made by the County to the Authority pursuant to a loan agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2014 Technical School Bonds, which loan agreement is secured by an unconditional general obligation bond of the County issued by the County to the Authority. As of December 31, 2018, $58,670,000 principal amount of Series 2014 Technical School Bonds remained outstanding.

In August 2015, the Authority issued its Revenue Bonds (State Office Buildings Project), Series 2015, in the aggregate principal amount of $3,975,000 (the "Series 2015 State Office Building Bonds"), to finance the renovation of a portion of an existing facility in the City to be utilized through a lease by certain state agencies. As of December 31, 2018, $3,535,000 principal amount of Series 2015 State Office Building Bonds remained outstanding.

In May 2017, the Authority issued indebtedness in connection with a financing involving the New Jersey Environmental Infrastructure Trust to finance a solid waste project (the "Series 2017A NJEIT Bonds" and the "Series 2017B NJEIT Bonds"). The Authority's Series 2017A NJEIT Bonds and Series 2017B NJEIT Bonds were initially issued in the aggregate principal amount of $10,185,515. The payment of the principal of and the interest on the Series 2017A NJEIT Bonds and the Series 2017B NJEIT Bonds are guaranteed by the County pursuant to a guaranty agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2017A NJEIT Bonds and the Series 2017B NJEIT Bonds. As of December 31, 2018, $2,420,000 principal amount of the Series 2017A NJEIT Bonds remained outstanding and $7,000,336 principal amount of the Series 2017B NJEIT Bonds remained outstanding.

In October 2017, the Authority issued its Revenue Bonds (Office Building Acquisition Project), Series 2017 (Federally Taxable) in the aggregate principal amount of $12,000,000 (the "Series 2017 Office Building Bonds"), to finance the acquisition of an existing industrial/office complex in the City of Vineland. The payment of the principal of and the interest on the Series 2017 Office Building Bonds is secured by lease payments made to the Authority by the tenants that rent space in the industrial/office complex. As of December 31, 2018, $12,000,000 principal amount of Series 2017 Office Building Bonds remained outstanding.

In December 2017, the Authority issued its City General Obligation Lease Revenue Bonds (Vineland Public Safety Building Project), Series 2017, in the aggregate principal amount of $21,935,000 (the "Series 2017 Vineland Public Safety Building Bonds"), to finance the acquisition of certain real property in the City and the development and construction of a public safety facility in the City. The payment of the principal of and the interest on the Series 2017 Vineland Public Safety Building Bonds are secured by lease payments made by the City to the Authority, which lease payments constitute general obligations of the City. As of December 31, 2018, $21,935,000 principal amount of Series 2017 Vineland Public Safety Building Bonds remained outstanding.

On September 13, 2018, the Authority issued its Revenue Bonds (Facilities Renovation Project), Series 2018, in the aggregate principal amount of $3,200,000 (the "Series 2018 Facilities Renovation Project Bonds"), to finance various renovations and improvements to the existing industrial/office complex in the City for use by the City. The payment of the principal of and the interest on the Series 2018 Facilities Renovation Project is secured by lease payments to be made to the Authority by the City. As of December 31, 2018, $3,200,000 principal amount of Series 2018 Facilities Renovation Project Bonds remained outstanding.

On December 13, 2018, the Authority issued its County Guaranteed Lease Revenue Bonds (County Correctional Facility Project), Series 2018, in the aggregate principal amount of $64,990,000 (the "Series 2018 Correctional Facility Project Bonds"), to finance the acquisition of property and construction of a holding center and criminal courtroom facility for use by the County. The payment of the principal of and the interest on the Series 2018 Correctional Facility Project Bonds are secured by: (i) lease payments to be made to the Authority by the County of Cumberland; and (ii) a guaranty by the County pursuant to a guaranty agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2018 Correctional Facility Project Bonds. As of December 31, 2018, $64,990,000 principal amount of Series 2018 Correctional Facility Project Bonds remained outstanding.

In January 2019, the Authority issued its County General Obligation Revenue Bonds (Technical High School Project), Series 2019, in the initial aggregate principal amount of $21,035,000 (the "Series 2019 Technical School Bonds"), to finance the construction of improvements and renovations to the County technical school. The payment of the principal of and the interest on the Series 2019 Technical School Bonds is secured by loan repayments to be made by the County to the Authority pursuant to a loan agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2019 Technical School Bonds, which loan agreement is secured by an unconditional general obligation bond of the County issued by the County to the Authority. As of March 1, 2019, $21,035,000 principal amount of Series 2019 Technical School Bonds remained outstanding.

In addition to the indebtedness described above, the Authority has other indebtedness, including certain capital leases, none of which is secured by the Revenues or other Pledged Property pledged under the Indenture as security for the Series 2019 Bonds.

Solid Waste Flow Enforcement

Prior to the United States Supreme Court's denial of a petition for certiorari on November 10, 1997 in Atlantic Coast Demolition & Recycling, Inc. v. Board of Chosen Freeholders of Atlantic County, et al. 112 F.3d 652 (3d Cir.), cert. denied, 118 S. Ct. 412-413, 139L. Ed. 2d 316 (1997) ("Atlantic Coast"), all solid waste generated in New Jersey was directed to be delivered to designated facilities. The power to direct waste and enforce direction stemmed from three regulatory mechanisms: solid waste management plans, DEP regulations (N.J.A.C. 7:26-6.5) codifying waste flow directives included in each solid waste management plan, and through the issuance of solid waste disposal franchises. In Atlantic Coast, the United States Court of Appeals for the Third Circuit affirmed a United States District Court's finding that the State's system of regulatory flow control was unconstitutional to the extent that facilities designated in district solid waste management plans to receive waste were not selected in a manner permitting competition from out-of-state facilities.

As a result, no district may implement a solid waste management plan that discriminates against out of state competition. The County's response to the demise of flow control regulations was to propose in December 1997, Amendment 14 of the Plan which provides that the Improvement Authority will seek to operate its landfill in a competitive marketplace by voluntarily contracting with municipalities, collectors and generators to secure solid waste and generate necessary revenues to pay debt service and operating expenses. Amendment 14 was approved by the DEP Commissioner and became effective on April 24, 1998.

The Improvement Authority's total tipping fee for bulk waste, construction and demolition debris and asbestos was $74.64/ton. The total tipping fee for municipal solid waste, vegetative waste, animal & food product waste and dry industrial waste was $63.54/ton. These rates, effective January 1, 2019, were the first increase in rates in six years, however they remain among the lowest rates in the State. The Improvement Authority's revenues including reserve and surplus balances are sufficient to fund operating and debt service payments for the foreseeable future. Should economic conditions change significantly, the County has guaranteed certain outstanding debt of the Improvement Authority, as previously described.

Ten Largest Non-Governmental Employers

The 10 largest non-governmental employers in the County, as of July, 2017, employed approximately 9,050 people.

Employer	Employees	Nature of Business	Location
Inspira Health Network	2,900	Health Care	Various
Durand Glass Manufacturing Co./ARC International	1,100	Glass Manufacturing	Millville
Wal-Mart	920	Retail Sales	Various
ShopRite	791	Supermarket Chain	Various
F & S Produce	750	Food Processing	Rosenhayn
Sheppard Bus Service	650	Transportation	Fairfield Twp.
Seabrook Brothers and Sons	590	Food Processing	Upper Deerfield
WaWa	533	Food and Beverage Provider	Various
OMNI Baking	500	Food Processing	Vineland
Elwyn New Jersey	448	Provides Services for People With Special Needs	Vineland

Source: Cumberland County government, 2018

Farmland & Open Space Preservation

To provide stable funding for the Farmland Preservation Program, the Board of Chosen Freeholders authorized the Farmland and Open Space Preservation Trust Fund referendum on the November 1994 ballot. As of December 2018, the County has preserved 20,384 acres of farmland.

The Cumberland County Agriculture Development Board (CCADB) continues to work on issues related to the economic viability of agriculture. The CCADB developed the Agricultural Enterprise District concept, modeled on the successful Urban Enterprise Zone Program, to enhance the economic climate for farmers and related agricultural industries. Innovative techniques to preserve farmland and the farming industry, such as the transfer of development rights, installment purchases and development of a twenty-year easement option, are aggressively pursued.

In addition, the County secured its first Green Acres Grant from the New Jersey Department of Environmental Protection ("NJDEP") in 2013 and a second Green Acres Grant in 2015 to assist municipalities acquire and preserve recreational open space.

Housing

The County offers the advantages of life in or near the three urban centers without the drawbacks of impacted metropolitan areas. The cities of Millville and Vineland have experienced the largest recent-year increase in housing inventory. The Townships of Fairfield, Hopewell and Upper Deerfield surrounding Bridgeton City also have added significantly to inventory. In all, the County's housing stock grew by 3,430 units or 6.5% to 56,299 during the 2000's. Home ownership stands at 64.3% of year round units. Median value of owner occupied units was $170,674 in 2017.[1] Moderate priced housing of many types is available. Current construction is keeping pace with demand. The 2017 average sales price of homes in the County was $143,900 according to Zillow (a major real estate and home sales network.) Zillow indicates that home values have increased

[1] ESRI, 2017 data

5.1% in the past year and are expected to increase by another 2.9% in the coming year. Public ordinances play a major role in improving and maintaining good housing conditions. Federal tax incentives and depreciation allowances applicable to commercial structures in National Historic Districts of Bridgeton, Millville, and Greenwich have been used to bring existing structures up to acceptable standards.

Household Income

Average (mean) 2017 household income in the County is estimated at $66,452 slightly below the national average. Since 2010, household income has increased from $62,929 or 0.8% annually. This rate of income growth is expected to accelerate significantly as the national and regional economies improve.

Pinelands

The legislative mandate to protect the Pinelands is set forth in the National Parks and Recreation Act of 1978, signed by President Carter on November 10, 1978. The Act established the Pinelands National Reserve, encompassing parts of seven southern New Jersey counties and all or parts of 56 municipalities. This includes parts of two County municipalities, Maurice River Township and Vineland City, totaling 55,700 acres. It also authorizes the establishment of a planning agency responsible for preparing a Comprehensive Management Plan for the reserve.

To comply with the federal statute, Governor Brendan T. Byrne issued Executive Order 71 on February 8, 1979, providing for the establishment of the Pinelands Planning Commission and making development in the Pinelands area subject to Commission approval during the planning period. In June, 1979, the New Jersey Legislature passed the Pineland Protection Act, thereby endorsing the planning restrictions on development. An amendment to this statute divided the Pinelands area into two planning segments, the Preservation and Protection Areas. New Jersey Pinelands Comprehensive Management Plan takes its directions from the acts which recognize the unique natural, physical, and cultural qualities of the Pinelands and the pressure for residential, commercial and industrial development.

Following its work program and legislative mandates, the Commission adopted a plan for the Pinelands, including 45,400 acres in the Protection Area in the County. There is no County acreage in the Preservation Areas.

Shopping Facilities

Shopping facilities in the County are varied and well located. In addition to the stores of the central business districts of the three cities and surrounding neighborhoods, a number of national and regional retail chains have located in the County, which has enhanced the retail service marketplace.

There are several major retail centers, including the "Cumberland Mall," at the intersection of S. Delsea Drive (Rt. 47) and Route 55 in Vineland. Currently the number of retail stores and restaurants exceed 65. The Cumberland Mall completed a $66 million expansion project in 1998. The expansion project more than doubled the existing shopping space to one (1) million square feet including two new anchor department stores, a 3,596-seat movie complex and about 50 new retail stores including Home Depot, a Regal Cinema, J.C. Penney Store (recently rebuilt as a Dicks

Sporting Good's Boscov's Department Store, Applebee's, Red Lobster, Victoria's Secret, Marshall's, BJ's, Michael's, and Best Buy. The addition has created an estimated 1,900 new retail and service jobs in the area. The project has also entailed funding for revitalization of the existing mall structure as well as local road and intersection improvement in the mall vicinity.

Also in Vineland near the Rt 55 interchange with Landis Ave (Rt 56) are a super Walmart, ShopRite, Lidl Supermarket, hotel chains Wingate and Holiday Inn Express and full service restaurants such as Bennigans, Friendly's and Denny's.

Another retail center is on the Vineland-Millville border at the intersection of S. Delsea Drive and Route 55 (Millville) is the Cumberland Crossing shopping center. The Cumberland Crossings Mall provides 300,000 square feet of commercial shopping space and features a variety of specialty stores, as well as the major retail chain Wal-Mart. Union Lake Crossing opened in 2006 with Target, Kohl's, Dick's, Shop Rite, Staples, PETSMART, Lowe's and many other smaller stores.

Downtown Millville has developed as an arts district, and the Cumberland County College recently built and opened an Arts & Innovation Center: approximately 21,000 square feet of downtown educational, retail and innovative space. This $7,000,000 project has had an estimated $17,000,000 direct and indirect impact on the City's downtown and the regional economy. In addition, the Holly City Development Corporation has been aggressively pursuing funding to redevelop housing in the City Center and provide entrepreneurial and workforce assistance through its recently opened Creative Enterprise Center.

On the west side of the County a retail location has developed in Carll's Corner, Upper Deerfield Township north of Bridgeton at the junction of State Highways 77 and 56. Located here are a Wal-Mart, Super Wawa, Tractor Supply, Aldi Grocery and Peebles Department Store.

Also Lidl, the German-based supermarket chain, is opening three stores within the County in 2017 located in Vineland, Millville, and in Upper Deerfield just north of Bridgeton.

Recreation and Tourism

The County provides a wealth of recreational opportunities for residents and visitors alike. Each of the cities offers urban playfields, parks and swimming areas with lifeguards. Bridgeton's park includes the Cohanzick Zoo, one of only two municipal zoos in New Jersey. Millville boasts two-mile long Union Lake and water related recreation. The County fairgrounds feature a great variety of outdoor events. The State government, the largest landowner in the County, provides fish and game and state forest holdings earmarked for non-intensive natural use. Parvin State Park in Salem County, bordering the County, offers both active and passive open space and water recreation.

Facing directly on Delaware Bay, this "Other Jersey Shore" offers many water related activities, including fishing, hunting, and boating. Fortescue, Newport, and Greenwich offer complete boating facilities and marinas, fine fishing on the Bay, bird-watching sites or just dining.

Greenwich is a town rich in history. In fact many of its buildings have been standing since the Revolutionary War. The entire historic town is on the National Register. Bridgeton's 2,200 homes from the Colonial, Federalist and Victorian periods also are on the National Register. The unique town features brick walkways, scenic Riverfront Promenade and Fountain Plaza.

The NJDEP issued an environmental permit to Public Service Electric and Gas ("PSE&G") in July, 1994. The permit requires the restoration and preservation of up to 14,500 acres of degraded wetlands and adjacent upland buffer areas along the Delaware Estuary. Included is a tract of approximately 4,500 acres of sensitive wetlands and uplands located in Greenwich Township in the County, which is commonly referred to as the Bayside Tract. PSE&G is developing the Estuary Enhancement Program in cooperation with scientists, environmentalists, public officials, and concerned citizens to ensure the successful implementation of these and other permit requirements.

Mauricetown is an 18th Century Sailing Village nestled along picturesque Maurice River and home of several antique shops. Port Norris, also in Commercial Township, was known historically as the Oyster Capital of the World. It is home to the A.J. Meerwald, New Jersey's official tall ship, and the Bay Shore Center at Bivalve – one of the County's premier ecotourism attractions.

Glass making history and the tranquil lifestyles of 1888 South Jersey captured in wooded surroundings are found in Millville. Wheaton Arts & Cultural Center features the elegant Museum of American Glass, a working 1888 Glass Factory with demonstrations, crafts, charming shops, special events and the Down Jersey Folk Life Center. Also worthy of note is Millville's Maurice River waterfront revitalization. Among the projects completed is the Maurice River Waterfront Plaza, a carefully landscaped park that affords adequate seating for visitors to sit and enjoy the scenic river.

The County is within a short distance (40 miles) of some of the finest seashore bathing beaches in the East. Atlantic City's famous boardwalk and casino development adds to nearby attractions.

In December 1993, a bill was signed into law designating the Maurice River and its tributaries – the Manumuskin River and the Menantico and Muskee creeks - as protected under the Wild and Scenic River Act. Under the law more than 35 miles of the four waterways are protected from adverse dam development, contamination/pollution threats and federal condemnation of land. The Maurice River management plan was written by local municipalities, with the guidance of the Cumberland County Department of Planning and Development. On October 26, 1994, official dedication ceremonies were held along the Maurice River.

Tourism is a growing industry in the County. A trip into the past can bring one to many historic sites as well as the entire historic towns of Greenwich, Bridgeton and Mauricetown, Wheaton Arts & Cultural Center and the revitalization of the waterfront in downtown Bridgeton and Millville. The County is also featured in the developing New Jersey Coastal Heritage Trail. The New Jersey Coastal Heritage Trail is divided into five regions linked by a common heritage of life on the Jersey shore and Raritan and Delaware bays. The County is included in the Delsea Region of the Trail. The Bay-Shore Center at Bivalve, the East Point Lighthouse and the Fortescue State Marina are highlighted in the County's segment.

In 2013 a site signage and podcast interpretation program was launched for fifteen of the most historic sites in the County. This project, offset by grant funds provided by the New Jersey State Council for the Humanities, includes site signage containing quick response codes which direct visitors to a dedicated website, www.cumberlandhistorical.org.

A comprehensive Ecotourism Plan was prepared and adopted by the County Planning Board for the County. Ecotourism allows visitors the opportunity to enjoy the natural resources and the environment of the area. It includes only those activities with a direct link to the natural environment. It is noted that the County already has many untouted tourist attractions. Ecotourism would provide both economic development opportunities and preserve the County's natural heritage.

Planning

The State Planning Commission released its Draft State Strategic Plan in November, 2011. With the assistance of the NJ Department of State, Office of the Lt. Governor, the Commission provided a vision for New Jersey through the next 20 years. The plan attempts to determine the best way New Jersey can accommodate new residents and additional jobs expected by 2020 in a manner that the state's taxpayers will be able to afford. The Plan offers a cooperative process in which each level of government can plan together, and through which the public sector can work with the private sector. This planning process is one of the most comprehensive State policy incentives undertaken within recent memory.

The County government, its 14 municipalities, various interest groups and the general citizenry have worked together to reach a consensus on how to manage our growth in ways it can afford. The process, called "cross acceptance" has been completed and submitted to the Commission. The adoption of the State Plan provides guidance to state agencies and local governments on a range of important land uses and growth management issues. The County continues to be involved in this process as County officials seek ways to accommodate State and local interests. The Office of State Planning revises the State Development and Redevelopment Plan every three years. The County Planning Board has adopted recommendations that have been submitted to the state agency.

Health Care

Inspira Health Network provides virtually all major inpatient services in the County. It also provides many outpatient services, including same day surgery, x-rays, lab and therapy. The Frank and Edith Scarpa Regional Cancer Pavilion provides access to the latest technologies and treatments at a regional facility.

The Cumberland County Department of Health and the Department of Health of the City of Vineland provide a variety of health care services. There are four certified Home Health Agencies authorized to operate in the County. Alcohol and drug counseling are available. Psychological and psychiatric evaluations are provided by the Cumberland County Guidance Center and private care providers. Prenatal care is provided through two low cost clinics and private physicians. Overall, there are a number of public and private organizations providing a range of serves from skilled nursing for senior citizens to intermediate care facilities for medical day care clients and others with disabilities or challenged capacities.

SUMMARY

The County economy is expanding nicely and there is considerable promise on the horizon. New investments in infrastructure and other job and employment generators have had direct and indirect impacts on the County economy totaling more than $400,000,000 in the last few years. New hotels, restaurants and other hospitality development reflect the growing interest in the County’s tourism base and industrial development. New downtown investments in City Centers and new industrial parks are in various stages of development.

Between 2015 and 2017, 10 County companies received $64.9 million in Grow New Jersey grant awards which led to the creation or retention of 668 jobs. More than $118 million in private sector investment helped to feed the economic expansion underway. County officials are optimistic about the many new opportunities to come.

Industrial Pollution Control Financing Authority of Cumberland County

Pursuant to the New Jersey Industrial Pollution Control Financing Law (L.1973, c.376), the County, by resolution of the Board of Chosen Freeholders, adopted on July 12, 1974, has created the Industrial Pollution Control Financing Authority of the County. The Pollution Control Financing Authority has not undertaken any projects or financing permissible under said law.

Compensated Absences

Under the existing policies of the County, employees upon retirement will receive one-half of the accumulated unused sick leave to a maximum of $9,000. Several unions have negotiated payouts higher than that of the general county policy. All employees receive one-half of the accumulated unused sick leave. The maximum payout for the various unions is as follows

United Auto Workers Union (UAW) Local #2327	
General Labor =	$9,000
Social Services =	$17,000
Social Services Supervisors =	$20,000
Council 18 – Social Services =	$18,000
Communication Workers of America (CWA) Local #1036	
General Labor supervisory employees =	$9,000
Prosecutor's Assistants (attorneys) =	$9,000
Association of Superior Assistant Prosecutors (ASAP) =	$9,000
United Public Service Employees Union (UPSEU)	
Prosecutor's administrative staff =	$9,000
Fraternal Order of the Police (FOP), Local #194	
Corrections – Superior Officers Association =	$12,000
Police Benevolent Association (PBA)	
Local #231 County Correction Officers =	$9,000
Local #299 Sheriff Officers	
Line-Officers =	$9,000
Superior Officer's Association =	$12,000
Local #396 Prosecutor Investigators	
Line-Officers =	$15,000
Superior Officer's Association =	$17,500

Unused accumulated vacation can carry forward only one year subsequent to the year it is earned and is paid at straight time.

There is a Reserve for Accumulated Sick Leave at December 31, 2017 in the amount of $1,212,130.55 based upon the 2017 Audited Financial Statement of the County. The adequacy of this reserve has not been determined and is not intended to represent the full liability of the County. For additional information regarding compensated absences, see Appendix B - "Excerpt of Report of Audit of Financial Statements of the County".

Pension Plans

Those County employees who are eligible for pension coverage are enrolled in one of two pension systems established by acts of the State Legislature. Benefits, contribution, means of the funding and the manner of administration are determined by the state. For additional information regarding pension plans, see Appendix B - "Excerpt of Report of Audit of Financial Statements of the County".

County Employees	**2019**	**2018**	**2017**	**2016**	**2015**
County Tax Levy	639	622	611	597	611
Board of Health Tax Levy	40	40	40	40	40
County Library	12	12	12	11	11
Workforce Development Grants	45	45	45	45	45
Aging Grants	39	39	39	39	39
Social Services Grants	227	227	227	227	
Other Grants	27	27	27	27	27
TOTAL	1,029	1,012	1,001	986	773

Labor Contracts

The County has labor contracts with the following labor unions. There is currently four expired contracts.

United Auto Workers Union (UAW) Local #2327
- General Labor, representing 251 employees, expires December 31, 2020
- Social Services
  - Staff, representing 190 employees, expires December 31, 2019
  - Supervisors, representing 16 supervisory employees, expires December 31, 2019

Council 18
- Social Services, representing 5 supervisory employees expires December 31, 2021

Communication Workers of America (CWA) Local #1036

General Labor, representing 34 supervisory employees expires December 31, 2020
Prosecutor's Assistants (attorneys), representing 18 employees expires December 31, 2021

Association of Superior Assistant Prosecutors (ASAP),

Prosecutor's Assistants, representing 10 employees expires on December 31, 2020

United Public Service Employees Union (UPSEU)

Prosecutor's administrative staff, representing 39 employees expired December 31, 2018

Fraternal Order of the Police (FOP), Local #194

Corrections Superior Officers, 26 employees expires December 31, 2022

Police Benevolent Association (PBA)

Local #231 Correction Officers, representing 170 employees expires December 31, 2019
Local #299 Sheriff Officers
Line-Officers, representing 51 expires December 31, 2019
Superior Officer's, representing 8 expired December 31, 2018
Local #396 Prosecutor Investigators
Line-Officers, representing 39 employees expired December 31, 2018
Superior Officer's, representing 11 employees expired December 31, 2018

EDUCATION

Primary and Secondary Education

The public school systems in the County are operated by the Boards of Education in each municipality as Type II school districts. They function independently through nine-member boards, three members of which are elected annually to serve three-year terms.

Each Board of Education prepares annually an operating and maintenance, capital outlay and debt service budget. The amounts to be raised by taxation for operating and maintenance expenses and capital outlay projects are submitted to the voters of the municipality for approval.

If the amounts are disapproved, the governing body of the municipality fixes an amount and certifies same to the Board of Education and to the County Board of Taxation. If the Board of Education determines that the amount certified by the municipality is insufficient to operate a thorough and efficient school system, the Board of Education may appeal to the State Commissioner of Education to restore the local funds eliminated.

Bridgeton City, Millville City and Vineland City each have junior and senior high schools. The remaining school districts in the County send their students to one of these districts or to Cumberland Regional High School. Students may also attend the Cumberland County Technical Education Center.

COUNTY OF CUMBERLAND SCHOOL DISTRICTS
SCHOOL ENROLLMENTS

	October 15, 2018 Estimated
Bridgeton City	6,129
Commercial Township	547
Technical Education Center	695
Cumberland Regional	1,070
Deerfield Township	327
Downe Township	183
Fairfield Township	576
Greenwich Township	61
Hopewell Township	501
Lawrence Township	490
Maurice River Township	406
Millville City	5,697
Shiloh Borough	*
Stow Creek Township	113
Upper Deerfield Township	901
Vineland City	10,254

* School is closed and they send to Hopewell.

HIGHER EDUCATION FACILITIES

Cumberland County College

Cumberland County College is committed to student success and to serving a diverse community of learners and businesses by providing quality, innovative programs as an accessible, affordable, learning-centered community college. It is fully accredited by the Middle States Commission on Higher Education, and is an open door, comprehensive, two-year public institution, dedicated to meeting the needs of area residents and employers for educational advancement and career training. It is sponsored by the people of the County through their Board of Chosen Freeholders who, in turn, appoint eight of the eleven-member Board of Trustees. Two members are appointed by the state, and the Superintendent of Schools is a member by statute.

The College was founded in November, 1963. The nearly 90-acre campus is located on College Drive in Vineland. Classes were held for the first time in the autumn of 1966 - making the College New Jersey's first two-year college to open on its own campus. Since then the College has gone on to offer a quality education at a reasonable cost. Cumberland County College offers 90 career and transfer programs of study. There are twelve buildings on campus. The Shirlee and Bernard Brown University Center hosts four universities which deliver programs leading to Baccalaureate and Master’s degrees. The Frank Guaracini Jr. Fine and Performing Arts Center, dedicated in January, 1995, features a 500-seat, fly-equipped theater. Cumberland County College operates the new 21,000-square-foot Arts and Innovation Center on High Street in Millville offering a variety of artistic and innovative programs including that of the Clay College. Nearby on Millville’s Buck

Street, the Paula J. Ring Education Center is a 7,200-square-foot facility in which a variety of health care and workforce programs are delivered. As of Fall 2018, 1,431 full-time students and 1,269 part-time students were enrolled, for a total enrollment of 2,700.

Cumberland County Technical Education Center

The Cumberland County Board of Vocational Education was created by the Cumberland County Board of Chosen Freeholders in 1969.

Land was purchased at a location centrally located for busing of the four County public high schools and one parochial high school. An attractive functional building was constructed and, in September 1972, classes were opened at the Cumberland County Technical Educational Center located in Bridgeton, NJ.

In May of 2014, The Cumberland County Board of Chosen Freeholders expanded upon their initial vocational school offerings and approved a $70 million bond ordinance with the State of NJ shouldering 69% of the cost to construct a 204,000 sq. ft. full-time Technical Education Center. The facility opened in 2016 adjacent to the campus of Cumberland County College. The location enables the College, Technical Education Center, and Center for Workforce and Economic Development to all be housed on one campus to work together to create a well trained workforce.

The Cumberland County Technical Education Center (TEC) is in its fourth year of enrolling full time students. The interest in attending the new school has exceeded the expectations of those involved in its creation. Each year over 1,000 students apply for 240 available seats. When fully enrolled, the new school will hold over 1,100 students in grade 9-12.

In October 2018, the Cumberland County Board of Chosen Freeholders approved a $23 million bond ordinance with the State of New Jersey incurring 72.1% of the cost of to construct a 55,000 sq. ft. expansion of the current facility that will be home to our Health Science and Medicine Program. Historically, Health Science and Medicine has been the most enrolled program. Currently there are four applicants for every one seat. This consistent enrollment, coupled with a health system that serves as Cumberland County's top employer, provides the rationale for the expansion that will serve as an anchor for quality medical training for a variety of populations. Additionally, Adult Education classes are held on the entire campus, with TEC as the lead on evening courses.

As of December, 2018 there are approximately 678 full time students (grades 9-11), 28 STRIVE students, and 30 adult students for a total of 736 students.

2019 BUDGET(1)

Anticipated Revenues:		
Fund Balance	$	6,400,000.00
Miscellaneous Revenues:		
Local Revenue (Fees, Permits, Licenses, etc.)		17,139,132.00
State Aid (without offsetting appropriation)		6,063,800.00
Shared Services Agreements		1,340,000.00
Revenue With Approval of the Director		1,125,538.00
Federal and State Grants with Offsetting Appropriation		12,685,223.63
State Assumed Social Service Program Costs		22,214,179.00
Local Tax for County Purposes		99,485,000.00
Total Revenues	$	166,452,872.63
Appropriations:		
General Government	$	6,016,600.00
Facilities and Central Expenses		7,820,525.00
Personnel Costs - Employee Benefits		33,894,660.00
Land Use Administration		671,300.00
Judicial and Corrections		37,317,857.00
Public Safety		2,398,245.00
Public Works		4,020,950.00
Parks, Recreation, Culture and Education		11,118,283.00
Human Services		8,726,740.00
State Assumed Social Service Programs		22,214,179.00
Unclassified and Deferred Charges		480,000.00
Matching Funds for Grants		316,565.00
Federal and State Grants		13,878,658.63
Capital		385,000.00
Debt		17,193,310.00
Total Appropriations	$	166,452,872.63

(1) As introduced February 26, 2019

CAPITAL PROGRAM
PROJECTS SCHEDULED FOR THE YEARS 2019 - 2024

Project	Estimated Total Cost	Capital Improvement Fund	Bonds and Notes General
DPW--Improve or Replace Roads, Bridges and Dams	$ 10,600,000	$ 530,000	$ 10,070,000
DPW--Heavy Equipment and Large Trucks	8,400,000	420,000	7,980,000
DPW--Small Equipment and Light Duty Trucks	2,400,000	120,000	2,280,000
B&G--Facilities Renovations, Additions and Improvements	11,400,000	570,000	10,830,000
Public Safety--Communication Structures and Equipment	825,000	41,250	783,750
Public Safety--Facilities Renovations and Improvements	530,000	26,500	503,500
Public Safety--Fire Academy Equipment	75,000	3,750	71,250
Veterans Cemetery--Site and Building Improvements	750,000	37,500	712,500
Technology--IT Network, Library, Phones, Elections, etc.	3,770,000	188,500	3,581,500
Drug and Alcohol Treatment and Recovery Center	650,000	35,000	615,000
TOTALS--ALL PROJECTS	$ 39,400,000	$ 1,972,500	$ 37,427,500

CERTAIN TAX INFORMATION
TWENTY LARGEST TAXPAYERS (1)

Name	Nature of Business	2018 Assessed Valuation
Cumberland Mall Associates	Shopping Mall	$ 79,934,100
Good Mill LLC	Developer Cell Tower	35,135,700
Wal-Mart Real Estate Business Trust	Real Estate	34,454,900
Vineland Construction Company	Real Estate and Trucking	28,127,100
Durand Glass	Glass Manufacturing Distributor	27,422,400
Roth Realty LLC (Roth 47 & 55)	Hotel/Restaurant	19,260,000
LBW Vineland LLC	Real Estate	18,854,300
T-Fal Corporation c/o Groupe SEB USA	Manufacturer of Kitchen Products	18,558,000
ACP Cumberland Assoc c/oAmerican Cont Prop	Cumberland Crossing Shopping Center	17,024,600
BDGS Inc 317 W. Elmer Rd., Vineland	Real Estate	16,233,700
Berks County Real Estate Associates	Retail - Boscov’s	16,200,000
Lucca Freezer & Cold Storage LLC	Real Estate	15,479,100
Maintree Shopping Center LP	Real Estate	13,200,000
LTC Mgmt LLC	Cumberland Manor	11,303,400
Lowe’s Home Center Inc. #1816	Home Improvement Center	11,200,000
Verizon – New Jersey	Telephone - Communications	11,166,864
Cedar-Carll’s Corner LLC	Real Estate	10,755,600
NA Real Property Associates	Real Estate	10,697,400
Frank’s Realty Company	Real Estate	10,500,000
United Mobil Homes of Vineland	Real Estate	10,328,500

TAX COLLECTIONS (1)

		Collection Year of Levy	
Year	Tax Levy	Amount	Percentage
2017	$ 94,760,000	$ 94,760,000	100%
2016	92,715,000	92,715,000	100%
2015	89,695,000	89,695,000	100%
2014	86,997,488	86,997,488	100%
2013	85,426,646	85,426,646	100%

EQUALIZED VALUATION ON WHICH COUNTY TAXES ARE APPORTIONED AND ANNUAL COUNTY TAX RATE

Equalized Year	County Valuations	County Tax Rate (2)	Farmland Preservation Tax Rate
2018	$ 8,823,433,400	$ 1.1151	$ 0.0100
2017	8,737,489,589	1.0969	0.0100
2016	8,832,912,324	1.0588	0.0100
2015	8,689,785,077	1.0440	0.0100
2014	8,941,462,565	0.9823	0.0100

(1) Source: County Board of Taxation. County Taxes are levied and collected directly from the constituent municipalities.
(2) Source: County Board of Taxation. Rate per $100 of equalized value.

LOCAL HEALTH SERVICES TAX

The County has a County Local Health Board for which there is a separate tax rate based upon equalized valuation for those Municipalities that participate.

Year	Tax Levy	Tax Rate (1)
2018	$ 2,450,000	$ 0.0529
2017	2,416,972	0.0524
2016	2,369,580	0.0514
2015	2,369,580	0.0509
2014	2,369,580	0.0489

REAL PROPERTY CLASSIFICATION

Year	Total Assessed Value Improvements	Land	Residential	Farm	Commercial	Industrial	Apartments
2019	$ 8,394,274,920	$ 179,520,300	$ 5,888,733,700	$290,240,700	$ 1,419,898,420	$ 433,867,300	$ 182,014,500
2018	8,403,586,400	181,434,600	5,896,900,600	291,762,800	1,412,818,600	436,586,500	184,083,300
2017	8,435,715,600	181,147,400	5,886,206,900	290,898,400	1,437,555,400	450,087,000	189,820,500
2016	8,410,944,900	182,548,000	5,840,798,400	288,312,300	1,451,391,400	458,253,400	189,641,400
2015	8,453,984,900	186,844,400	5,836,173,600	302,470,200	1,462,442,900	469,088,300	196,965,500

STATEMENT OF EQUALIZED VALUATION FOR CONSTITUENT MUNICIPALITIES

	2018 (2)			2017 (2)		
	Equalized Value - Land and Improvements	Net Valuation on which County Taxes are Apportioned	Percentage (3)	Equalized Value - Land and Improvements	Net Valuation on which County Taxes are Apportioned	Percentage (3)
Bridgeton	$ 490,140,299	$ 507,417,646	5.75%	$ 478,678,128	$ 496,375,634	5.68%
Commercial Twp.	240,564,310	242,019,225	2.74%	231,170,654	232,619,624	2.66%
Deerfield Twp.	194,872,547	196,352,482	2.23%	194,804,154	196,742,935	2.25%
Downe Twp.	155,548,706	156,910,915	1.78%	147,567,426	149,007,055	1.71%
Fairfield Twp	274,831,596	276,306,026	3.13%	293,201,977	294,698,002	3.37%
Greenwich Twp.	76,627,893	77,709,890	0.88%	77,218,168	78,209,453	0.90%
Hopewell Twp.	335,972,890	338,257,362	3.83%	315,502,009	317,724,721	3.64%
Lawrence Twp.	224,453,447	226,499,021	2.57%	216,586,730	218,629,078	2.50%
Maurice Twp.	273,905,390	276,761,431	3.14%	293,594,251	296,496,568	3.39%
Millville	1,586,136,114	1,607,811,084	18.22%	1,580,087,489	1,602,404,615	18.34%
Shiloh Boro	31,266,635	31,562,180	0.36%	30,379,531	30,666,180	0.35%
Stow Creek Twp.	118,279,828	119,390,890	1.35%	106,134,209	107,277,233	1.23%
Upper Deerfield Twp.	603,322,584	612,107,837	6.94%	596,305,503	605,625,952	6.93%
Vineland	4,090,864,819	4,154,327,413	47.08%	4,052,315,884	4,111,012,539	47.05%
Total	$ 8,696,787,058	$ 8,823,433,402	100.00%	$ 8,613,546,113	$ 8,737,489,589	100.00%

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(1) The Local Health Service Tax became effective for the year 1978 and included all Municipalities in the County except Vineland. Rate is per $100 of equalized value.
(2) Sources: Final Equalization Table and Abstract of Ratables.
(3) Represents portion of county taxes levied on constituent municipalities.

COUNTY OF CUMBERLAND
STATEMENT OF INDEBTEDNESS
AS OF DECEMBER 31, 2017

The following table summarizes the direct debt of the County as of December 31, 2017 in accordance with the requirements of the Local Bond Law of the State of New Jersey (N.J.S.A. 40A:2-2- et. seq.). The gross debt comprises short and long-term debt issued and debt authorized but not issued, including General, County College, Vocational School and Bonds Issued by Another Public Body. Deductions from gross debt to arrive at net debt include deductible Bonds issued and Bonds authorized but not issued-capital projects for county college debt and Bonds Issued by Another Public Body. The resulting net debt of $85,224,780 represents 0.978% of the average of equalized valuations for the County for the last three years, which is within the 2.0% limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued					Deduction	
				Debt Auth.		Reserves/Fund Balance	
				But Not	Gross	County College/	Net
	Bonds	Notes	Loans	Issued	Debt	Guaranteed Debt	Debt
General	$47,676,000	$17,600,000	$209,244	$2,617,296	$68,102,540	$1,621,910	$66,480,630
County College	13,314,000				13,314,000	13,314,000	
Vo-Tech High School	60,465,000				60,465,000	41,720,850	18,744,150
Bonds Issued by Another Public Body Guaranteed by the County	41,304,243				41,304,243	41,304,243	
	$162,759,243	$17,600,000	$209,244	$2,617,296	$183,185,783	$97,961,003	$85,224,780

Source: County Annual Debt Statement

DEBT RATIOS AND VALUATIONS(1)

Average of Equalized Valuations of Real Property with Improvements for 2015, 2016 and 2017	$	8,714,607,350
Statutory Net debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2015, 2016 and 2017		0.978%
2017 Net Valuation Taxable	$	8,450,292,125
2017 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	$	8,628,122,638
Gross Debt (2)		
As a percentage of 2017 Net Valuation Taxable		2.17%
As a percentage of 2017 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications		2.12%
Net Debt (2)		
As a percentage of 2017 Net Valuation Taxable		1.01%
As a percentage of 2017 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications		0.99%
Gross Debt Per Capita (3)		$1,168
Net Debt Per Capita (3)		$543

(1) As of December 31, 2017
(2) Excluding overlapping debt
(3) Based on the 2010 Census of 156,898

Source: Cumberland County

COUNTY OF CUMBERLAND
BORROWING CAPACITY

Statutory Borrowing Capacity:		
2.0% of Average (2015-17) Equalized Valuation of Real Property		
including Improvements ($8,714,607,350)	$	174,292,147
Net Debt		85,224,780
Remaining Borrowing Capacity Available Under N.J.S.A. 40A:2-6	$	89,067,367

OVERLAPPING DEBT(1)

Gross Debt of Constituent Municipalities	$	320,709,147
Municipal Utilities and Sewerage Authority Debt of Constituent Municipalities (2)		33,686,062
	$	287,023,085

SCHEDULE OF MUNICIPAL UTILITY AND SEWERAGE AUTHORITY DEBT
OF CONSTITUENT MUNICIPALITIES(1)

Landis Sewerage Authority (Vineland) (2)	$	27,400,000
Cumberland County Utilities Authority (2)		6,286,062
	$	33,686,062

(1) As of December 31, 2017
(2) Source Authority Auditor

SCHEDULE OF COUNTY DEBT SERVICE
(BONDED DEBT ONLY) (1)

Year	GENERAL	COLLEGE	Vo-TECH	TOTAL PRINCIPAL	TOTAL INTEREST	TOTAL PRINCIPAL AND INTEREST
2019	$ 4,205,000	$ 3,530,000	$ 1,850,000	$ 9,585,000	$ 4,331,212	$ 13,916,212
2020	4,302,000	3,558,000	1,925,000	9,785,000	4,038,450	13,823,450
2021	4,595,000	3,540,000	2,000,000	10,135,000	3,676,175	13,811,175
2022	4,685,000	2,090,000	2,100,000	8,875,000	3,288,538	12,163,538
2023	4,795,000	2,140,000	2,205,000	9,140,000	2,938,438	12,078,438
2024	2,865,000	1,930,000	2,315,000	7,110,000	2,561,131	9,671,131
2025	1,900,000	1,400,000	2,435,000	5,735,000	2,257,506	7,992,506
2026	1,900,000	1,410,000	2,555,000	5,865,000	2,039,419	7,904,419
2027		1,560,000	2,680,000	4,240,000	1,841,019	6,081,019
2028		500,000	2,815,000	3,315,000	1,676,894	4,991,894
2029		500,000	2,955,000	3,455,000	1,520,519	4,975,519
2030		500,000	3,045,000	3,545,000	1,415,931	4,960,931
2031		250,000	3,135,000	3,385,000	1,312,081	4,697,081
2032			3,225,000	3,225,000	1,213,656	4,438,656
2033			3,330,000	3,330,000	1,112,875	4,442,875
2034			3,350,000	3,350,000	946,375	4,296,375
2035			3,350,000	3,350,000	837,500	4,187,500
2036			3,350,000	3,350,000	670,000	4,020,000
2037			3,350,000	3,350,000	502,500	3,852,500
2038			3,350,000	3,350,000	335,000	3,685,000
2039			3,350,000	3,350,000	167,500	3,517,500
	$ 29,247,000	$ 22,908,000	$ 58,670,000	$110,825,000	$38,682,718	$149,507,718

(1) As of December 31, 2018
Source: Cumberland County

APPENDIX B
Excerpt from the Financial Statement of the County of Cumberland, New Jersey

FOR THE YEAR ENDED 2018

COMPILED FINANCIAL STATEMENTS

BOWMAN & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

The Honorable Director and
Members of the County Board of Chosen Freeholders
County of Cumberland
Bridgeton, New Jersey 08302

Management is responsible for the accompanying financial statements of the County of Cumberland, New Jersey, which comprise the statement of assets, liabilities, reserves and fund balance--regulatory basis of the various funds as of December 31, 2018 and the related statements of operations and changes in fund balances--regulatory basis for the year then ended, in accordance with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and for determining that this regulatory basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements to have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures required by these regulatory accounting practices. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the County's assets, liabilities, reserves, fund balance, revenues and expenditures. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Respectfully submitted,

/s/ BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

/s/ Carol A. McAllister
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
March 1, 2019

601 White Horse Road | Voorhees, NJ 08043 | P 856.435.6200 | F 856.435.0440 | www.bowmanllp.com

COUNTY OF CUMBERLAND - CURRENT FUND
Statement of Assets, Liabilities, Reserves and
Fund Balance -- Regulatory Basis
As of December 31, 2018

Assets		
Regular Fund:		
Cash	$	34,846,836
Shared Service Receivable		
East Point Lighthouse		12,011
Receivables with Full Reserves:		
Added and Omitted Taxes		294,258
Commodity Billing Receivable--Gasoline		33,857
Due Federal and State Grant Fund		2,469,960
Due General Capital Fund		4,974
Revenue Accounts Receivable		117,793
Total Assets	$	37,779,689
Liabilities, Reserves and Fund Balance		
Regular Fund:		
Liabilities		
Appropriation Reserves	$	7,712,480
Reserve for Encumbrances		3,632,587
Accounts Payable		350,073
Cash Held by the County Treasurer:		
Board of Health		2,291,570
County Library		439,037
Other Liabilities and Special Funds		21,916
Total Liabilities		14,447,663
Reserve for Receivables		2,920,842
Fund Balance		20,411,184
Total Liabilities, Reserves and Fund Balance	$	37,779,689

See Independent Accountant's Compilation Report and selected notes.

COUNTY OF CUMBERLAND - CURRENT FUND
Statement of Operations and Changes
in Fund Balance -- Regulatory Basis
For the Year Ended December 31, 2018

Revenue Realized:	
Fund Balance Utilized	$ 5,680,000
Miscellaneous Revenues Anticipated:	
Operations	24,792,829
State and Federal Programs	57,854,324
Current Tax Collections	97,335,000
Non Budget Revenue and Other Income	5,644,169
Total Income	191,306,322
Expenditures and Encumbrances:	
Operations	101,987,697
Operations-State and Federal Programs, including match	65,842,019
Capital Improvements	555,000
Debt Service	16,095,652
Deferred Charges and Statutory Expenditures	17,296
Other Expenditures	260,265
Total Expenditures and Encumbrances	184,757,929
Statutory Excess to Fund Balance	6,548,393
Fund Balance, January 1	19,542,791
	26,091,184
Decreased by:	
Utilized by Revenue	5,680,000
Fund Balance, December 31	$ 20,411,184

See Independent Accountant's Compilation Report and selected notes.

COUNTY OF CUMBERLAND - TRUST FUND
Statement of Assets, Liabilities, Reserves and
Fund Balance -- Regulatory Basis
As of December 31, 2018

Assets	
Trust Fund:	
Cash	$ 10,560,254
County Open Space Fund:	
Cash	458,811
Audio-Visual Aid Fund:	
Cash	21,275
	$ 11,040,340
Liabilities, Reserves and Fund Balance	
Trust Fund:	
Reserve for Payroll Payables	$ 580,080
Reserve for Performance Guarantee Deposits	372,594
Trust Fund Reserves	7,907,824
Prosecutor's Law Enforcement Trust Fund Reserves	1,163,521
Reserve for County Clerk	536,235
	10,560,254
County Open Space Fund:	
Reserve for Farmland Preservation	458,811
Audio-Visual Aid Fund:	
Reserve for Audio-Visual Aid Commission Expenditures	21,275
	$ 11,040,340

See Independent Accountant's Compilation Report and selected notes.

COUNTY OF CUMBERLAND - GENERAL CAPITAL FUND
Statement of Assets, Liabilities, Reserves and
Fund Balance -- Regulatory Basis
As of December 31, 2018

Assets

Cash and Investments	$ 18,563,262
Deferred Charges to Future Taxation:	
Funded	128,336,443
Unfunded	33,665,000
	$ 180,564,705

Liabilities, Reserves and Fund Balance

Reserve for Encumbrances	$ 2,124,232
Bond Anticipation Notes	6,365,000
General Serial Bonds	128,225,000
Green Acres Loan Payable	111,443
Improvement Authorizations:	
Funded	8,452,165
Unfunded	31,758,934
Due Current Fund	4,974
Capital Improvement Fund	265,622
Reserve for Payment of Bonds	3,257,335
	$ 180,564,705

See Independent Accountant's Compilation Report and selected notes.

COUNTY OF CUMBERLAND - FEDERAL AND STATE GRANT FUND
Statement of Assets, Liabilities, Reserves and
Fund Balance -- Regulatory Basis
As of December 31, 2018

Assets	
Federal and State Grant Fund:	
Cash	$ 4,501,237
Federal and State Grants Receivable	39,744,218
	$ 44,245,455
Liabilities, Reserves and Fund Balance	
Federal and State Grant Fund:	
Due to Current Fund	$ 2,469,961
Unappropriated Reserves	248,534
Appropriated Reserves	30,485,540
Reserve for Encumbrances	11,041,420
	$ 44,245,455

See Independent Accountant's Compilation Report and selected notes.

COUNTY OF CUMBERLAND - SOCIAL SERVICES GRANT FUND
Statement of Assets, Liabilities, Reserves and
Fund Balance -- Regulatory Basis
As of December 31, 2018

Assets

Social Services Grant Fund:	
Cash	$ 8,605,032
	$ 8,605,032

Liabilities, Reserves and Fund Balance

Social Services Grant Fund:	
Due to State of New Jersey	$ 17,535
Appropriated Grant Reserves	3,406,065
Accounts Payable	380,990
Payable Liabilities	87,119
Advance Payable--Reach	55,000
Unemployment Trust Fund	461,936
Reserve for Clearing Fund	19,821
Reserve for Child Support and Paternity Fund	119,785
Restricted Reach Account	(1,261)
Restricted Fund Balance	4,058,042
	$ 8,605,032

See Independent Accountant's Compilation Report and selected notes.

COUNTY OF CUMBERLAND
Selected Information – Substantially All Disclosures Required
By the Regulatory Basis of Accounting Have Been Omitted
For the Year Ended December 31, 2018

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Description of Financial Reporting Entity - The County of Cumberland, New Jersey (the "County"), formerly part of Salem County, New Jersey was established in 1748. The County, approximately 500 square miles in area, is in the southwestern corner of the State of New Jersey and has over 40 miles of Delaware Bay coastline. The Counties of Salem, Gloucester, Atlantic and Cape May border the County on, respectively, the northwest, north, northeast and southeast, with the Delaware Bay forming the southern border of the County. The population of the County, according to the 2010 census, was 156,898.

The County operates under the freeholder form of government. The Board of Chosen Freeholders of the County (the "Board") consists of seven Freeholder members elected at-large for three-year terms on a staggered basis. Each year, the Board elects one of the Freeholders to serve as Freeholder Director. The Freeholder Director appoints Freeholders to be in charge of various committees. The Board, operating through the committee system, is charged with both executive and legislative responsibilities for: (i) formulating policies; (ii) developing new programs; (iii) appointing members of the various County commissions, authorities and boards; (iv) approving the County's operating and capital budgets; and (v) appropriating the funds required to maintain County services.

The County Administrator, appointed by the Board, oversees the daily governmental operations of the County. Each major department is headed by an administrator who acts as liaison to the Freeholder overseeing such department's operations. Financial matters are under the supervision of the County's Chief Financial Officer, who is appointed by the Board.

Component Units - The financial statements of the component units of the County of Cumberland are not presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 14, *The Financial Reporting Entity,* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. If the provisions of the aforementioned GASB Statements had been complied with, the financial statements of the following component units would have been either blended or discretely presented with the financial statements of the County, the primary government:

Cumberland County Board of Health
309 Buck Street
Millville, New Jersey 08332

Cumberland County Library
800 East Commerce Street
Bridgeton, New Jersey 08302

Cumberland County College
College Drive
P.O. Box 517
Vineland, New Jersey 08360

Cumberland County Improvement Authority
2 North High Street
Millville, New Jersey 08332

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Component Units (Cont'd)

Cumberland County Technical Education Center
3400 College Drive
Vineland, New Jersey 08360

Cumberland County Insurance Commission
164 West Broad Street
Bridgeton, New Jersey 08302

Annual financial reports may be inspected directly at the offices of these component units during regular business hours.

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The financial statements of the County contain all funds and account groups in accordance with the *Requirements of Audit* ("*Requirements*") as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the *Requirements* are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these *Requirements*. In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this note.

In accordance with the *Requirements*, the County of Cumberland accounts for its financial transactions through the use of separate funds which are described as follows:

Current Fund - The Current Fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

Federal, State and Other Grant Fund - The Federal, State, and Other Grant Fund accounts for resources and expenditures restricted by various outside agencies.

Trust Funds - The various Trust Funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - The General Capital Fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

Budgets and Budgetary Accounting - The County of Cumberland must adopt an annual budget for its current fund in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than January 26 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than eighteen days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Budgets and Budgetary Accounting (Cont'd) - Budgets are adopted on the same basis of accounting utilized for the preparation of the County's financial statements.

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the County of Cumberland requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of $5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid.

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

General Fixed Assets (Cont'd) - Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation. The County is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the County's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that include accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage or theft.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Fund Balance - Fund Balances included in the Current Fund represent amounts available for anticipation as revenue in future years budgets, with certain restrictions.

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from Federal and State grants are realized when anticipated as such in the County's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the County's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the County which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

County Taxes - Every municipality in the County is responsible for levying, collecting and remitting county taxes for the County of Cumberland. County taxes are determined on a calendar year by the County Board of Taxation based upon the ratables required to be certified to them on January 10 of each year. Operations for every municipality is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations for every municipality is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis.

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Long-Term Debt - Long-Term Debt, relative to the acquisition of capital assets, is recorded as a liability in the General Capital Fund. Where an improvement is a “local Improvement”, i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the Trust Fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

For the year ended December 31, 2018, the County adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of adopting Statement No. 75, the County was required to measure and disclose liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their postemployment benefits plan. As a result of the regulatory basis of accounting previously described in note 1, the implementation of this Statement only required financial statement disclosures. There exists no impact on the financial statements of the County.

FOR THE YEARS ENDED 2017, 2016, 2015, 2014 AND 2013

AUDITED FINANCIAL STATEMENTS

BOWMAN & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Director and
Members of the County Board of Chosen Freeholders
County of Cumberland
Bridgeton, New Jersey 08302

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the County of Cumberland, in the State of New Jersey, as of December 31, 2017, 2016, 2015, 2014, and 2013, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in note 1 to the financial statements, the financial statements are prepared by the County on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the "*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the County of Cumberland, in the State of New Jersey, as of December 31, 2017, 2016, 2015, 2014, and 2013, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the County of Cumberland, in the State of New Jersey, as of December 31, 2017, 2016, 2015, 2014, and 2013, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Emphasis of Matter

As discussed in Note 21 to the financial statements, during the year ended December 31, 2017, the general fixed asset group of accounts for the year ended December 31, 2016 has been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Carol A McAllister

Carol A. McAllister
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
August 3, 2018

COUNTY OF CUMBERLAND - CURRENT FUND
Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis

	As of December 31,				
	2017	**2016**	**2015***	**2014***	**2013***
Assets					
Regular Fund:					
Cash	$ 33,651,051	$ 29,300,465	$ 28,111,174	$ 28,700,709	$ 27,641,334
Shared Service Receivable					
East Point Lighthouse	108,982	503,325			
Receivables with Full Reserves:					
Commodity Billing Receivable--Gasoline	15,719	24,720	22,923		
Added and Omitted Taxes	379,130	389,664	262,138	367,192	306,612
Due Federal and State Grant Fund	2,232,808	2,097,105	1,780,880	1,780,880	859,485
Due General Capital Fund		5,075	16,061	28,359	
Revenue Accounts Receivable	117,793	134,319	20,407	117,292	134,505
Total Assets	$ 36,505,483	$ 32,454,673	$ 30,213,582	$ 30,994,432	$ 28,941,936
Liabilities, Reserves and Fund Balance					
Regular Fund:					
Liabilities					
Appropriation Reserves	$ 6,834,526	$ 8,410,140	$ 5,959,789	$ 7,380,462	$ 6,270,203
Reserve for Encumbrances	4,424,072	2,079,289	2,317,530	2,427,060	2,142,537
Accounts Payable	50,073	98,010	104,302	229,241	260,835
East Point Lighthouse	12,011	243,014			
Due to Trust Other Fund					118,838
Due General Capital Fund	4,129				
Other Liabilities and Special Funds	2,892,431	2,896,872	4,005,325	4,804,766	3,841,357
Total Liabilities	14,217,242	13,727,325	12,386,946	14,841,529	12,633,770
Reserve for Receivables	2,745,450	2,650,883	2,102,408	2,293,723	1,300,602
Fund Balance	19,542,791	16,076,465	15,724,228	13,859,180	15,007,564
Total Regular Fund	$ 36,505,483	$ 32,454,673	$ 30,213,582	$ 30,994,432	$ 28,941,936

* By resolution dated December 22, 2015, Cumberland County created a Division of Social Services within the Department of Administration and Finance, effective January 1, 2016.

The accompanying Notes to Financial Statements are an integral part of this statement.

COUNTY OF CUMBERLAND - CURRENT FUND
Statements of Operations and Changes
in Fund Balance -- Regulatory Basis

	For the Years Ended December 31,				
	2017	2016	2015	2014	2013
Revenue Realized:					
Current Tax Collections	$ 94,760,000	$ 92,715,000	$ 89,695,000	$ 86,997,488	$ 85,426,646
Miscellaneous Revenues:					
State and Federal Programs	60,701,146	59,809,388	26,427,176	27,746,728	19,227,287
Other	26,897,934	27,811,405	29,760,563	27,100,756	25,403,778
Other Income	7,115,286	5,233,461	5,700,109	4,530,026	11,116,287
Fund Balance Utilized	5,400,000	5,000,000	4,800,000	4,400,000	7,000,000
Total Income	194,874,366	190,569,254	156,382,848	150,774,998	148,173,998
Expenditures and Encumbrances:					
Operating	129,280,172	147,125,707	112,089,577	99,249,673	96,749,719
Operating-State and Federal Programs	37,832,406	21,540,712	26,427,176	29,093,970	20,559,819
Prior Period Expense	3,214	147,393			
Capital Improvement Fund	400,000	400,000	325,000	260,000	330,000
East Point Lighthouse Restoration	200,000	602,330			
Other Capital Projects	1,739,000				
Debt Service	16,416,882	15,090,030	10,855,908	8,792,954	8,852,323
Deferred Charges and Statutory Expenditures	15,000	3,809	9,515	10,650,781	10,273,015
Other Expenditures	121,366	307,036	10,624	976,004	354,406
Total Expenditures and Encumbrances	186,008,040	185,217,017	149,717,800	149,023,382	137,119,282
Excess in Revenue	8,866,326	5,352,237	6,665,048	1,751,616	11,054,716
Adjustments to Income Before Fund Balance:					
Expenditures Included Above which were by Statute					
Deferred Charges to Budget of Succeeding Year				1,500,000	
Statutory Excess to Fund Balance	8,866,326	5,352,237	6,665,048	3,251,616	11,054,716
Fund Balance, January 1	16,076,465	15,724,228	13,859,180	15,007,564	10,952,848
	24,942,791	21,076,465	20,524,228	18,259,180	22,007,564
Decreased by:					
Utilized by Revenue	5,400,000	5,000,000	4,800,000	4,400,000	7,000,000
Fund Balance, December 31	$ 19,542,791	$ 16,076,465	$ 15,724,228	$ 13,859,180	$ 15,007,564

The accompanying Notes to Financial Statements are an integral part of this statement.

COUNTY OF CUMBERLAND - FEDERAL, STATE AND OTHER GRANT FUND
Statements of Assets, Liabilities, Reserves and
Fund Balance -- Regulatory Basis

	As of December 31,				
	2017	**2016**	**2015***	**2014***	**2013***
Assets					
Federal, State and Other Grant Fund:					
Cash	$ 2,187,544	$ 2,166,694	$ 486,483	$ 1,560	$ 72,731
Cash--Division of Social Services	7,928,119	6,481,414			
Federal and State Grants Receivable	35,035,231	24,633,383	28,240,938	24,832,663	25,176,600
	$ 45,150,894	$ 33,281,491	$ 28,727,421	$ 24,834,223	$ 25,249,331
Liabilities, Reserves and Fund Balance					
Federal, State and Other Grant Fund:					
Due to Current Fund	$ 2,232,808	$ 2,097,105	$ 1,780,880	$ 1,780,880	$ 859,485
Unappropriated Reserves	155,169	366,413	538,454	21,288	41,727
Appropriated Reserves	27,712,199	12,361,416	17,858,601	15,884,046	15,148,156
Reserve for Encumbrances	7,122,599	11,975,143	8,549,486	7,148,009	9,199,963
Division of Social Services:					
Due State of New Jersey--					
Temporary Assistance to Needy Families (TANF)	10,481	11,516			
Child Support	7,498	12,116			
Accounts Payable	228,418	757,577			
Payroll Liabilities	87,119	87,119			
Advance Payable--Reach	55,000	55,000			
Unemployment Trust Fund	461,812	468,083			
Appropriated Grant Reserves	2,641,164	1,677,063			
Reserve for Clearing Fund	346,141	262,560			
Reserve for Child Support and Paternity Fund	98,155	143,511			
Restricted Reach Account	(198)	(5,948)			
Restricted Fund Balance	3,992,529	3,012,817			
	$ 45,150,894	$ 33,281,491	$ 28,727,421	$ 24,834,223	$ 25,249,331

* By resolution dated December 22, 2015, Cumberland County created a Division of Social Services within the Department of Administration and Finance, effective January 1, 2016.

The accompanying Notes to Financial Statements are an integral part of this statement.

COUNTY OF CUMBERLAND - TRUST FUND
Statements of Assets, Liabilities and Reserves--
Regulatory Basis

	As of December 31,				
	2017	**2016**	**2015**	**2014**	**2013**
Assets					
Trust Fund:					
Cash	$ 8,086,762	$ 6,465,356	$ 5,243,665	$ 6,699,188	$ 7,590,195
Due from Current Fund					118,838
Accounts Receivable - Gasoline				72,177	38,220
	8,086,762	6,465,356	5,243,665	6,771,365	7,747,253
County Open Space Fund:					
Cash	283,663	544,345	610,266	-	647,493
Due NJ DEP - Green Acres	300,000				
	583,663	544,345	610,266	-	647,493
Audio-Visual Aid Fund:					
Cash	21,275	21,275	57,974	90,533	81,781
	$ 8,691,700	$ 7,030,976	$ 5,911,905	$ 6,861,898	$ 8,476,527
Liabilities and Reserves					
Trust Fund:					
Encumbrances	$ 546,686	$ 528,305	$ 405,475		
Reserve for Payroll Payables	23,460	23,687	23,460	$ 493,253	$ 482,116
Reserve for Performance Guarantee Deposits					17,956
Trust Fund Reserves	6,012,302	4,537,241	3,417,830	4,778,508	6,579,368
County Clerk	535,892	594,718	664,402		
Reserve for County Prosecutor's Law Enforcement Trust Account	413,686	294,472	269,576	223,911	220,147
Reserve for County Prosecutor's Seized Asset Trust Account	439,390	438,641	409,139	391,090	396,929
Reserve for Motor Vehicle Theft	1,428	1,425	1,423		
Reserve for Federal Law Enforcement Trust Account	102,987	35,549	40,926	35,964	24,637
Reserve for County Prosecutor's Asset Maintenance Account	10,931	11,316	11,434	24,673	26,100
	8,086,762	6,465,356	5,243,665	5,947,399	7,747,253
County Open Space Fund:					
Reserve for Farmland Preservation	283,663	544,345	610,266	823,966	647,493
Due NJ DEP - Green Acres	300,000				
	583,663	544,345	610,266	823,966	647,493
Audio-Visual Aid Fund:					
Reserve for Audio-Visual Aid Commission Expenditures	21,275	21,275	57,974	90,533	81,781
	$ 8,691,700	$ 7,030,976	$ 5,911,905	$ 6,861,898	$ 8,476,527

The accompanying Notes to Financial Statements are an integral part of this statement.

COUNTY OF CUMBERLAND - GENERAL CAPITAL FUND
Statements of Assets, Liabilities, Reserves and
Fund Balance -- Regulatory Basis

	As of December 31,				
	2017	**2016**	**2015**	**2014**	**2013**
Assets					
Cash and Investments	$ 16,044,829	$ 24,135,811	$ 59,990,712	$ 89,349,803	$ 23,115,611
Due Current Fund	4,129				
Deferred Charges to Future Taxation:					
Funded	121,664,244	130,115,117	137,241,102	78,003,234	64,668,552
Unfunded	20,217,295	14,262,500	9,127,128	3,812,834	10,823,831
Amount to be Provided by Capital Loan Agreement				63,890,000	
	$ 157,930,497	$ 168,513,428	$ 206,358,942	$ 235,055,871	$ 98,607,994
Liabilities, Reserves and Fund Balance					
Reserve for Encumbrances	$ 3,888,941	$ 6,534,518	$ 5,836,863	$ 7,694,074	$ 6,547,422
Bond Anticipation Notes	17,600,000	11,520,000	5,520,000		9,280,000
General Serial Bonds	60,990,000	67,600,000	72,952,000	77,512,000	64,087,000
Green Acres Loan Payable	209,244	305,117	399,102	491,235	581,552
Improvement Authorizations:					
Funded	4,776,058	10,985,334	48,954,711	77,971,271	11,161,968
Unfunded	8,178,722	7,237,615	6,514,076	3,803,319	6,756,136
Due Current Fund		5,075	16,061	28,359	
Capital Improvement Fund	200,622	120,622	20,622	131,813	98,007
Shared Service Contract, Regional Prison Study			80,000		
Reserve for Payment of Bonds	1,621,910	1,995,147	2,175,507	1,248,076	43,001
Reserve for Capitalized Interest				2,285,724	
Obligations Under Capital Loan Agreement	60,465,000	62,210,000	63,890,000	63,890,000	
Fund Balance					52,908
	$ 157,930,497	$ 168,513,428	$ 206,358,942	$ 235,055,871	$ 98,607,994

The accompanying Notes to Financial Statements are an integral part of this statement.

COUNTY OF CUMBERLAND
Notes to Financial Statements
For the Year Ended December 31, 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The County of Cumberland, New Jersey (the "County"), formerly part of Salem County, New Jersey was established in 1748. The County, approximately 500 square miles in area, is in the southwestern corner of the State of New Jersey and has over 40 miles of Delaware Bay coastline. The Counties of Salem, Gloucester, Atlantic and Cape May border the County on, respectively, the northwest, north, northeast and southeast, with the Delaware Bay forming the southern border of the County. The population of the County, according to the 2010 census, was 156,898.

The County operates under the freeholder form of government. The Board of Chosen Freeholders of the County (the "Board") consists of seven Freeholder members elected at-large for three-year terms on a staggered basis. Each year, the Board elects one of the Freeholders to serve as Freeholder Director. The Freeholder Director appoints Freeholders to be in charge of various committees. The Board, operating through the committee system, is charged with both executive and legislative responsibilities for: (i) formulating policies; (ii) developing new programs; (iii) appointing members of the various County commissions, authorities and boards; (iv) approving the County's operating and capital budgets; and (v) appropriating the funds required to maintain County services.

The County Administrator, appointed by the Board, oversees the daily governmental operations of the County. Each major department is headed by an administrator who acts as liaison to the Freeholder overseeing such department's operations. Financial matters are under the supervision of the County's Chief Financial Officer, who is appointed by the Board.

Component Units - The financial statements of the component units of the County are not presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 14, *The Financial Reporting Entity,* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. If the provisions of the aforementioned GASB Statements had been complied with, the financial statements of the following component units would have been either blended or discretely presented with the financial statements of the County, the primary government:

Cumberland County Board of Health
309 Buck Street
Millville, New Jersey 08332

Cumberland County Library
800 East Commerce Street
Bridgeton, New Jersey 08302

Cumberland County College
College Drive
P.O. Box 517
Vineland, New Jersey 08360

Cumberland County Improvement Authority
2 North High Street
Millville, New Jersey 08332

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Component Units (Cont'd)

Cumberland County Technical Education Center
3400 College Drive
Vineland, New Jersey 08360

Cumberland County Insurance Commission
164 West Broad Street
Bridgeton, New Jersey 08302

Annual financial reports may be inspected directly at the offices of these component units during regular business hours.

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The financial statements of the County contain all funds and account groups in accordance with the *Requirements of Audit* (the "*Requirements*") as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the *Requirements* are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these *Requirements*. In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this note.

In accordance with the *Requirements*, the County accounts for its financial transactions through the use of separate funds and an account group which are described as follows:

Current Fund - The current fund accounts for resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Funds - The various trust funds account for receipts, custodianship, and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - The general capital fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the current fund.

Federal, State and Other Grant Fund - The federal, state, and other grant fund accounts for resources and expenditures restricted by various outside agencies.

General Fixed Asset Group of Accounts - The general fixed asset group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other governmental funds.

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Budgets and Budgetary Accounting - The County must adopt an annual budget for its current fund and its county farmland and open space preservation fund in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual county budget no later than January 26 each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the county. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval, and adoption of the county budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the County's financial statements.

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded.

New Jersey governmental units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey governmental units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the County requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the current fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The County has adopted a capitalization threshold of $5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The County is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the County's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that include accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Fund Balance - Fund balances included in the current fund and the federal, state and other grant fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the County's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the County's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the County which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

County Taxes - Every municipality in the county is responsible for levying, collecting, and remitting county taxes for the County of Cumberland. County taxes are determined on a calendar year by the County Board of Taxation based upon the ratables required to be certified to them on January 10 of each year. Operations for every municipality is charged the amount due to the County for the year, based upon the ratables certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of added and omitted taxes certified to the County Board of Taxation by October 10 of the current year, and due to be paid to the County by February 15 of the following year.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal and interest payments on outstanding general capital bonds, loans and notes are provided on the cash basis.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as income.

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital fund. Where an improvement is a "local Improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Police and Firemen's Retirement System (PFRS) and the Public Employees' Retirement System (PERS), and additions to/deductions from PFRS' and PERS' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits might not be recovered. Although the County does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first $250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of December 31, 2017, the County's entire bank balance of $65,917,494.54 was insured by FDIC and GUDPA.

Note 3: PROPERTY TAXES

The following is a five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four calendar years:

Comparative Tax Information

Year	Net Valuation on which County Taxes are Apportioned	Board of Health Tax Rate	Farmland Preservation Tax Rate	County Tax Rate
2017	$8,737,489,589.00	$0.0524	$0.0100	$1.0969
2016	8,832,912,324.00	0.0514	0.0100	1.0589
2015	8,689,785,077.00	0.0510	0.0100	1.0440
2014	8,941,462,565.00	0.0489	0.0100	0.9823
2013	9,264,006,672.00	0.0473	0.0100	0.9279

Comparison of Tax Levies and Collections

Year	Tax Levy	Collections	Percentage of Collections
2017	$ 94,760,000.00	$ 94,760,000.00	100.00%
2016	92,715,000.00	92,715,000.00	100.00%
2015	89,695,000.00	89,695,000.00	100.00%
2014	86,997,488.00	86,997,488.00	100.00%
2013	85,426,646.00	85,426,646.00	100.00%

Note 4: FUND BALANCES APPROPRIATED

The following schedules detail the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

Current Fund

Year	Balance December 31,	Utilized in Budget of Succeeding Year	Percentage of Fund Balance Used
2017	$ 19,542,790.73	$ 5,680,000.00	29.06%
2016	16,076,464.66	5,400,000.00	33.59%
2015	15,724,228.47	5,000,000.00	31.80%
2014	13,859,180.05	4,800,000.00	34.63%
2013	15,007,563.61	4,400,000.00	29.32%

Note 5: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2017:

Fund	Interfunds Receivable	Interfunds Payable
Current	$ 2,232,807.97	$ 4,128.83
Federal, State and Other Grant		2,232,807.97
General Capital	4,128.83	
	$ 2,236,936.80	$ 2,236,936.80

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2018, the County expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 6: PENSION PLANS

A substantial number of the County's employees participate in one of the following defined benefit pension plans: the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"), which are administered by the New Jersey Division of Pensions and Benefits. In addition, several County employees participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This Plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
http://www.state.nj.us/treasury/pensions/financial-reports.shtml

General Information about the Pension Plans

Plan Descriptions

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the County, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Note 6: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Plan Descriptions (Cont'd)

Police and Firemen's Retirement System - The Police and Firemen's Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. The PFRS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PFRS is mandatory for substantially all full-time police and firemen of the County. The PFRS's Board of Trustees is primarily responsible for the administration of the PFRS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in PFRS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least $5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least $5,000.00 annually.

Vesting and Benefit Provisions

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
4	Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of $1/55^{th}$ of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of $1/60^{th}$ of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Note 6: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Vesting and Benefit Provisions (Cont'd)

Police and Firemen's Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier	Definition
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) was 10% in State fiscal year 2017. Employers' contribution are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The County's contractually required contribution rate for the year ended December 31, 2017 was 13.01% of the County's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Note 6: <u>PENSION PLANS (CONT'D)</u>

<u>General Information about the Pension Plans (Cont'd)</u>

Contributions (Cont'd)

Public Employees' Retirement System (Cont'd) - Based on the most recent PERS measurement date of June 30, 2017, the County's contractually required contribution to the pension plan for the year ended December 31, 2017 is $4,187,092.16, and is payable by April 1, 2018. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2016, the County's contractually required contribution to the pension plan for the year ended December 31, 2016 was $4,245,947.00, which was paid on April 1, 2017. Employee contributions to the Plan during the year ended December 31, 2017 were $2,409,750.15.

Police and Firemen's Retirement System - The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was 10% in State fiscal year 2017. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

Special Funding Situation Component - Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a *special funding situation* as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the Plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the local participating employers related to this legislation.

The County's contractually required contribution rate for the year ended December 31, 2017 was 27.59% of the County's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2017, the County's contractually required contribution to the pension plan for the year ended December 31, 2017 is $3,503,648.00, and is payable by April 1, 2018. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2016, the County's contractually required contribution to the pension plan for the year ended December 31, 2016 was $3,391,991.00, which was paid on April 1, 2017. Employee contributions to the Plan during the year ended December 31, 2017 were $1,280,470.08.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the County, for the year ended December 31, 2017 was 2.70% of the County's covered payroll.

Note 6: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Contributions (Cont'd)

Police and Firemen's Retirement System (Cont'd) - Based on the most recent PFRS measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the County, to the pension plan for the year ended December 31, 2017 is $342,309.00, and is payable by April 1, 2018. Based on the PFRS measurement date of June 30, 2016, the State's contractually required contribution, on-behalf of the County, to the pension plan for the year ended December 31, 2016 was $255,711.00, which was paid on April 1, 2017.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, Plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the County contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the year ended December 31, 2017, employee contributions totaled $82,950.16, and the County's contributions were $37,662.42. There were no forfeitures during the year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees' Retirement System - At December 31, 2017, the County's proportionate share of the PERS net pension liability was $105,213,221.00. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2017 measurement date, the County's proportion was 0.4519778596%, which was a decrease of (0.0259617460%) from its proportion measured as of June 30, 2016.

At December 31, 2017, the County's proportionate share of the PERS pension expense, calculated by the Plan as of the June 30, 2017 measurement date is $6,328,001.00. This expense is not recognized by the County because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2017, the County's contribution to PERS was $4,245,947.00, and was paid on April 1, 2017.

Police and Firemen's Retirement System - At December 31, 2017, the County's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

County's Proportionate Share of Net Pension Liability	$ 61,116,862.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the County	6,845,604.00
	$ 67,962,466.00

Note 6: PENSION PLANS (CONT'D)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Police and Firemen's Retirement System (Cont'd) - The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2017 measurement date, the County's proportion was 0.3958841726%, which was a decrease of (0.0201371845%) from its proportion measured as of June 30, 2016. Likewise, at June 30, 2017, the State of New Jersey's proportion, on-behalf of the County, was 0.3958841726%, which was a decrease of (0.0201371845%) from its proportion, on-behalf of the County, measured as of June 30, 2016.

At December 31, 2017, the County's proportionate share of the PFRS pension expense, calculated by the Plan as of the June 30, 2017 measurement date is $6,716,186.00. This expense is not recognized by the County because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2017, the County's contribution to PFRS was $3,391,991.00, and was paid on April 1, 2017.

At December 31, 2017, the State's proportionate share of the PFRS pension expense, associated with the County, calculated by the Plan as of the June 30, 2017 measurement date is $837,372.00. This on-behalf expense is not recognized by the County because of the regulatory basis of accounting as described in note 1.

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2017, the County had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS	**PFRS**	**Total**	**PERS**	**PFRS**	**Total**
Differences between Expected and Actual Experience	$ 2,477,408.19	$ 396,490.00	$ 2,873,898.19	$ -	$ 358,705.00	$ 358,705.00
Changes of Assumptions	21,196,838.73	7,536,390.00	28,733,228.73	21,119,126.10	10,009,155.00	31,128,281.10
Net Difference between Projected and Actual Earnings on Pension Plan Investments	716,431.17	1,166,253.00	1,882,684.17	-	-	-
Changes in Proportion and Differences between County Contributions and Proportionate Share of Contributions	2,067,387.69	4,855,917.00	6,923,304.69	6,834,841.32	2,795,786.00	9,630,627.32
County Contributions Subsequent to the Measurement Date	2,093,546.00	1,751,824.00	3,845,370.00	-	-	-
	$ 28,551,611.78	$ 15,706,874.00	$ 44,258,485.78	$ 27,953,967.42	$ 13,163,646.00	$ 41,117,613.42

$2,093,546.00 and $1,751,824.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2018. These amounts were based on an estimated April 1, 2019 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2017 to the County's year end of December 31, 2017.

Note 6: PENSION PLANS (CONT'D)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - The County will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

	PERS		PFRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2014	-	-	-	-
June 30, 2015	5.72	-	-	5.53
June 30, 2016	5.57	-	-	5.58
June 30, 2017	5.48	-	5.59	-
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	-	6.17	-
June 30, 2015	5.72	-	5.53	-
June 30, 2016	5.57	-	5.58	-
June 30, 2017	-	5.48	-	5.59
Net Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2014	-	5.00	-	5.00
June 30, 2015	-	5.00	-	5.00
June 30, 2016	5.00	-	5.00	-
June 30, 2017	5.00	-	5.00	-
Changes in Proportion and Differences between County Contributions and Proportionate Share of Contributions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	6.44	6.17	6.17
June 30, 2015	5.72	5.72	5.53	5.53
June 30, 2016	5.57	5.57	5.58	5.58
June 30, 2017	5.48	5.48	5.59	5.59

Note 6: PENSION PLANS (CONT'D)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

Year Ending Dec 31,	PERS	PFRS	Total
2018	$ 1,160,933.00	$ 1,797,241.00	$ 2,958,174.00
2019	2,421,695.00	3,067,685.00	5,489,380.00
2020	1,373,831.00	488,066.00	1,861,897.00
2021	(3,761,112.00)	(3,001,989.00)	(6,763,101.00)
2022	(2,691,248.64)	(1,559,599.00)	(4,250,847.64)
	$ (1,495,901.64)	$ 791,404.00	$ (704,497.64)

Actuarial Assumptions

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	PERS	PFRS
Inflation Rate	2.25%	2.25%
Salary Increases:		
Through 2026	1.65% - 4.15% Based on Age	2.10% - 8.98% Based on Age
Thereafter	2.65% - 5.15% Based on Age	3.10% - 9.98% Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2011 - June 30, 2014	July 1, 2010 - June 30, 2013

Note 6: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

For PERS, preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Plan actuary's modified MP-2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

For PFRS, preretirement mortality rates were based on the RP-2000 Preretirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the Plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and three years using the Plan actuary's modified 2014 projection scales and further projected on a generational basis using the Plan actuary's modified 2014 projection scales. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then three years using the Plan actuary's modified 2014 projection scales and further projected on a generational basis using the Plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

For PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's and PFRS's target asset allocation as of June 30, 2017 are summarized in the table on the following page.

Note 6: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	100.00%	

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2017 was 5.00% for PERS and 6.14% for PFRS. For both PERS and PFRS, the respective single blended discount rates were based on the long-term expected rate of return on pension Plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current Plan members through 2040 for PERS and through 2057 for PFRS; therefore, the long-term expected rate of return on Plan investments was applied to projected benefit payments through 2040 for PERS and through 2057 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

Note 6: PENSION PLANS (CONT'D)

Sensitivity of County's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

Public Employees' Retirement System (PERS) - The following presents the County's proportionate share of the net pension liability at June 30, 2017, the Plan's measurement date, calculated using a discount rate of 5.00%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
County's Proportionate Share of the Net Pension Liability	$130,524,142.00	$105,213,221.00	$ 84,126,088.00

Police and Firemen's Retirement System (PFRS) - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the County's annual required contribution. As such, the net pension liability as of June 30, 2017, the Plan's measurement date, for the County and the State of New Jersey, calculated using a discount rate of 6.14%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	PFRS		
	1% Decrease (5.14%)	Current Discount Rate (6.14%)	1% Increase (7.14%)
County's Proportionate Share of the Net Pension Liability	$ 80,526,499.00	$ 61,116,862.00	$ 45,169,638.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the County	9,019,647.02	6,845,604.00	5,059,380.45
	$ 89,546,146.02	$ 67,962,466.00	$ 50,229,018.45

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the PERS and PFRS and additions to/deductions from PERS and PFRS' respective fiduciary net position have been determined on the same basis as they are reported by PERS and PFRS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about PERS and PFRS, please refer to the Plan's Comprehensive Annual Financial Report (CAFR) which can be found at http://www.state.nj.us/treasury/pensions/financial-reports.shtml.

Note 6: PENSION PLANS (CONT'D)

Supplementary Pension Information

In accordance with GASBS 68, the following information is also presented for the PERS and PFRS Pension Plans. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Schedule of the County's Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Five Years)

	Measurement Date Ended June 30,		
	2017	**2016**	**2015**
County's Proportion of the Net Pension Liability	0.4519778596%	0.4779396056%	0.4639708353%
County's Proportionate Share of the Net Pension Liability	$105,213,220.54	$141,552,002.84	$104,152,155.50
County's Covered Payroll (Plan Measurement Period)	$ 31,175,573.00	$ 32,826,692.00	$ 32,222,136.00
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	337.49%	431.21%	323.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%

	Measurement Date Ended June 30,	
	2014	**2013**
County's Proportion of the Net Pension Liability	0.4652980263%	0.4901143591%
County's Proportionate Share of the Net Pension Liability	$ 87,116,516.36	$ 93,670,591.99
County's Covered Payroll (Plan Measurement Period)	$ 32,433,104.00	$ 32,965,480.00
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	268.60%	284.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%

Note 6: PENSION PLANS (CONT'D)

Supplementary Pension Information (Cont'd)

Schedule of the County's Contributions - Public Employees' Retirement System (PERS) (Last Five Years)

	Year Ended December 31,		
	2017	**2016**	**2015**
County's Contractually Required Contribution	$ 4,187,092.16	$ 4,245,947.19	$ 3,988,904.83
County's Contribution in Relation to the Contractually Required Contribution	(4,187,092.16)	(4,245,947.19)	(3,988,904.83)
County's Contribution Deficiency (Excess)	$ -	$ -	$ -
County's Covered Payroll (Calendar Year)	$ 32,192,036.00	$ 31,191,762.00	$ 32,655,433.00
County's Contributions as a Percentage of Covered Payroll	13.01%	13.61%	12.22%

	Year Ended December 31,	
	2014	**2013**
County's Contractually Required Contribution	$ 3,835,849.82	$ 3,692,911.59
County's Contribution in Relation to the Contractually Required Contribution	(3,835,849.82)	(3,692,911.59)
County's Contribution Deficiency (Excess)	$ -	$ -
County's Covered Payroll (Calendar Year)	$ 32,256,793.00	$ 32,133,023.00
County's Contributions as a Percentage of Covered Payroll	11.89%	11.49%

Note 6: PENSION PLANS (CONT'D)

Supplementary Pension Information (Cont'd)

Schedule of the County's Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Five Years)

	Measurement Date Ended June 30,		
	2017	**2016**	**2015**
County's Proportion of the Net Pension Liability	0.3958841726%	0.4160213571%	0.3927864532%
County's Proportionate Share of the Net Pension Liability	$ 61,116,862.00	$ 79,470,721.00	$ 65,424,532.00
State's Proportionate Share of the Net Pension Liability associated with the County	6,845,604.00	6,673,569.00	5,737,512.00
Total	$ 67,962,466.00	$ 86,144,290.00	$ 71,162,044.00
County's Covered Payroll (Plan Measurement Period)	$ 12,663,888.00	$ 13,208,504.00	$ 12,318,944.00
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	482.61%	601.66%	531.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.60%	52.01%	56.31%

	Measurement Date Ended June 30,	
	2014	**2013**
County's Proportion of the Net Pension Liability	0.3606708197%	0.3494647436%
County's Proportionate Share of the Net Pension Liability	$ 45,369,044.00	$ 46,458,185.00
State's Proportionate Share of the Net Pension Liability associated with the County	4,885,484.00	4,330,467.00
Total	$ 50,254,528.00	$ 50,788,652.00
County's Covered Payroll (Plan Measurement Period)	$ 11,270,164.00	$ 10,914,296.00
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	402.56%	425.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.41%	58.70%

Note 6: PENSION PLANS (CONT'D)

Supplementary Pension Information (Cont'd)

Schedule of the County's Contributions - Police and Firemen's Retirement System (PFRS) (Last Five Years)

	Year Ended December 31,		
	2017	**2016**	**2015**
County's Contractually Required Contribution	$ 3,503,648.00	$ 3,391,991.00	$ 3,192,768.00
County's Contribution in Relation to the Contractually Required Contribution	(3,503,648.00)	(3,391,991.00)	(3,192,768.00)
County's Contribution Deficiency (Excess)	$ -	$ -	$ -
County's Covered Payroll (Calendar Year)	$ 12,698,331.00	$ 12,742,588.00	$ 13,311,422.00
County's Contributions as a Percentage of Covered Payroll	27.59%	26.62%	23.99%

	Year Ended December 31,	
	2014	**2013**
County's Contractually Required Contribution	$ 2,770,201.00	$ 2,549,617.00
County's Contribution in Relation to the Contractually Required Contribution	(2,770,201.00)	(2,549,617.00)
County's Contribution Deficiency (Excess)	$ -	$ -
County's Covered Payroll (Calendar Year)	$ 12,329,444.00	$ 11,466,250.00
County's Contributions as a Percentage of Covered Payroll	22.47%	22.24%

Note 6: PENSION PLANS (CONT'D)

Other Notes to Supplementary Pension Information

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - For 2017, the discount rate changed to 5.00% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65% from 7.90%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the Plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at $118,500.00 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at $265,000.00 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

Police and Firemen's Retirement System (PFRS)

Changes in Benefit Terms - In 2017, Chapter 26, P.L. 2016 increased the accidental death benefit payable to children if there is no surviving spouse to 70% of final compensation.

Changes in Assumptions - For 2017, the discount rate changed to 6.14% and the long-term rate of returned changed to 7.00%. For 2016, the discount rate changed to 5.55%, the long-term expected rate of return changed to 7.65% from 7.90%, and the mortality improvement scale incorporated the Plan actuary's modified 2014 projection scale. Further, salary increases were assumed to increase between 2.10% and 8.98% (based on age) through fiscal year 2026 and 3.10% and 9.98% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 5.79% and demographic assumptions were revised in accordance with the results of the July 1, 2010 - June 30, 2013 experience study. For 2014, the discount rate was 6.32%.

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

As disclosed in Note 1, the County prepares its financial statements on a regulatory basis of accounting as prescribed by the Division of Local Government Services. Under this regulatory basis of accounting, the County is required to disclose the impact of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* The regulatory basis of accounting does not permit the inclusion of any liability associated with GASB Statement No. 45 in the County's financial statements.

Plan Description - The County's defined benefit postemployment healthcare plan, the Cumberland County Postemployment Benefits Plan (the "County Plan"), allows retiring employees, and their eligible dependents, who are at least 55 years of age with 25 or more years of service credit (20 years for veterans) with Cumberland County and who retire from active employment, working a minimum of 20 hours per week, with Cumberland County under the NJ State Pension Program, and employees retiring on accidental disability pension, to receive health and prescription benefits. Eligible retirees contribute 20% of the premium.

The County Plan also allows employees retiring into a state recognized pension plan with at least 10 years of service credit with Cumberland County, or employees retiring on ordinary disability to purchase health and prescription benefits by paying the full premium. Firefighters who retire with at least 25 years of service are eligible under the 20% (rather than 100%) Co-Pay Plan, regardless of age. The

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Plan Description (Cont'd) – County Plan was amended to include employees and retirees from the Division of Social Services (DoSS) as eligible for postemployment medical, dental and prescription drug coverage under this plan effective January 1, 2016. However, future DoSS retirees are not eligible for dental coverage. This change increased the unfunded actuarial accrued liability by $80,259,008. Upon the eligible retiree's enrollment in Medicare, the County plan benefits become secondary.

The County Plan is a single-employer postemployment healthcare plan administered by the County. The benefit provisions of the plan may be established or amended by the respective employer entity; for the County Plan that authority rests with the Board of Chosen Freeholders. The plan does not issue a separate financial report.

Funding Policy - The contribution requirement of the County is established by policy of the Board of Chosen Freeholders and reflected in the various union contracts. The Board may amend its policy, subject to contract inclusion, as deemed necessary. The required contribution is based on projected pay-as-you-go financing requirements. For the years 2017, 2016 and 2015, the County contributed $2,704,161.00, $3,040,539.00, and $1,739,736.81, respectively to the County plan for current premiums. Various factors, as stipulated in employee contracts, dictate whether plan members are required to make contributions to the plan. For the years 2017, 2016 and 2015, employee contributions to the plan were $772,347.00, $796,663.53, and $478,336.74, respectively.

Annual OPEB Cost - For year ended December 31, 2017, the County's annual OPEB cost (expense) of $21,869,412.00 for the plan was equal to the ARC plus certain adjustments because the County's actual contributions in prior years differed from the ARC. The County's annual required contribution (ARC), the interest on the net OPEB obligation, the adjustment to the ARC, the increase or decrease in the net OPEB obligation, the net OPEB obligation, and the percentage of annual OPEB cost contributed to the plan for years 2017, 2016, and 2015 are as follows:

	2017	2016	2015
Annual Required Contribution (ARC)	$ 26,297,379.00	$ 20,104,732.00	$ 15,931,359.00
Interest on the Net OPEB Obligation	2,588,104.00	1,890,259.00	2,306,687.00
Adjustment to the ARC	(7,016,071.00)	(5,957,835.00)	(5,528,730.00)
Annual OPEB Cost	21,869,412.00	16,037,156.00	12,709,316.00
Pay-as-You Go Cost (Existing Retirees)	(4,930,695.00)	(5,377,389.00)	(3,004,291.00)
Increase (Decrease) in the Net OPEB Obligation	16,938,717.00	10,659,767.00	9,705,025.00
Net OPEB Obligation, January 1	86,270,127.00	75,610,360.00	65,905,335.00
Net OPEB Obligation, December 31	$ 103,208,844.00	$ 86,270,127.00	$ 75,610,360.00
Percentage of Annual OPEB Cost Contributed	22.5%	33.5%	23.6%

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Funded Status and Funding Progress - The funded status of the plan as of the three past actuarial valuation dates is as follows:

	December 31, 2016	December 31, 2015	December 31, 2013
Actuarial Accrued Liability (AAL)	$ 292,199,257.00	$ 216,406,584.00	$ 154,530,727.00
Actuarial Value of Plan Assets	-	-	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 292,199,257.00	$ 216,406,584.00	$ 154,530,727.00
Funded Ratio (Actuarial Value of Plan Assets / AAL)	0.0%	0.0%	0.0%
Covered Payroll (Active Plan Members)	$ 39,080,000.00	$ 39,216,000.00	$ 38,664,000.00
UAAL as a Percentage of Covered Payroll	747.7%	551.8%	399.7%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, as shown above, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - The projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Actuarial Methods and Assumptions (Cont'd) - In the December 31, 2016 actuarial valuation, the projected unit credit actuarial cost method was used. Under this method, an actuarial accrued liability is determined as the actuarial present value of the portion of projected benefits which is allocated to service before the current plan year. In addition, a normal cost is determined as the actuarial present value of the portion of projected benefits which is allocated to service in the current plan year for each active participant under the assumed retirement age. The UAAL is being amortized (straight-line) for thirty (30) years on an open basis. The actuarial assumptions included the following:

- *Mortality*.
  - Pre-retirement – RP-2014 Employee Mortality Table with a one-year age setback
  - Post-retirement – RP-2014 Healthy Annuitant Mortality Table with a one-year age setback
  - Disabled lives – RP-2014 Disabled Retiree Mortality Table
- *Turnover*. NJ State Pensions Ultimate Withdrawal Rates - prior to benefits eligibility.
- *Assumed Retirement Age.* At first eligibility after completing 25 years of service.
- *Full Attribution Period. S*ervice to assumed retirement age.
- *Annual Discount Rate*. Future costs have been discounted at the rate of 3.0% compounded annually for GASB 45 purposes.
- *Rates of Retirement, Rates of Withdrawal, and Rates of Disability*. The same table used to value the Public Employees' Retirement System of New Jersey - Local liability.
- *Medical and Prescription Drug Trend*. 10% in 2017, reducing by 1% per annum, leveling at 5% per annum in 2022 and later years.
- *Medical Cost Aging Factor*. NJSHBP Medical Morbidity Rates
- *Retiree Contributions*. 20% of the annual premium coverage is required from eligible retirees.

Note 8: COMPENSATED ABSENCES

Under the existing policy of the County, full-time employees are entitled to fifteen paid sick leave days each year. Unused sick leave may be accumulated and carried forward to the subsequent year. The County of Cumberland compensates employees for unused sick leave upon retirement. The current policy for most employee contracts provides one compensated day for every two days accumulated up to a maximum of $9,000.00. Other employee contracts with the County, which include the Prosecutor's Office and Department of Corrections, follow the same compensation for the days, but their maximum payout range is between $12,000.00 and $17,500.00 which is based on a range of 15 to 25+ years employed by the County.

Employees may also carry forward five vacation days to the subsequent year. Additional days may be carried forward with approval up to a maximum of twelve. However, an employee may not have more than twenty-five vacation days accrued at any one time. These accumulated vacation days are paid with the employee's last paycheck upon termination or retirement. Part-time employees who do not have scheduled hours are not entitled to compensated absences.

The County does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2017, accrued benefits for compensated absences are valued at $3,277,592.77. The charges for accumulated sick leave will be included in the year the employee retires. The charges for accrued vacation benefits will be included in the year the employee retires or terminates employment with the County. The County has established a Reserve for Accumulated Sick Leave in the Trust Fund to set aside funds for future payments of compensated absences. At December 31, 2017 the balance of fund was $1,212,130.55.

Note 9: DEFERRED COMPENSATION SALARY ACCOUNT

The County offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457, which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the County or its creditors. Since the County does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the County's financial statements.

Note 10: LEASE OBLIGATIONS

At December 31, 2017, the County had lease agreements in effect for the following:

Capital:
None

Operating:
Land and Building (6 sites)
Copiers (approximately 76 units)

Operating Leases - Future minimum lease payments under operating lease agreements are as follows:

Year	Amount
2018	$ 1,491,377.62
2019	1,499,353.86
2020	1,384,873.64
2021	1,384,908.72
2022	1,403,985.15
2023-2027	4,252,730.22
2028-2032	2,478,844.92
2033-2037	1,576,474.56

Rental payments under operating leases for the year 2017 were $1,476,671.39.

Note 11: <u>CAPITAL DEBT</u>

<u>General Improvement Bonds</u>

County College Bonds, Series 2002 - On August 1, 2002, the County issued $6,300,000.00 of County College Bonds, with interest rates ranging from 3.25% to 4.20%. The Bonds were issued to permanently finance various capital improvements in and for the County and the County College. The final maturity of the bonds was August 1, 2017.

General Improvement Bonds, Series 2007 - On November 20, 2007, the County issued $28,300,000.00 of General Improvement Bonds, with interest rates ranging from 3.50% to 5.00%. The Bonds were issued to permanently finance various capital improvement ordinances, specifically 2005-2, 2006-3, and 2007-2. The final maturity of the bonds is November 1, 2018.

General Improvement Bonds, Series 2009 - On December 29, 2009, the County issued $18,567,000.00 of General Improvement Bonds, with interest rates ranging from 2.50% to 5.00%. The bonds were issued to fund various capital ordinances, specifically 2008-3 and 2009-1. The final maturity of the bonds is December 15, 2019.

County College Bonds, Series 2012 - On June 29, 2012, the County issued $8,500,000.00 of County College Bonds, with interest rates ranging from 2.750% to 3.125%. The Bonds were issued to provide for the permanent financing of capital improvement ordinance 2012-4 and for the acquisition of related capital equipment at and for certain facilities of Cumberland County College. The final maturity of the bonds is March 15, 2027.

General Obligation Refunding Bonds, Series 2012 - On September 21, 2012, the County issued $2,465,000.00 of General Obligation Refunding Bonds, with interest rates ranging from 2.00% to 4.00%. The Bonds were issued to refund all of the County’s $2,500,000.00 General Improvement Bonds, Series 2002 maturing on August 1 in the years 2013 through and including 2017. The final maturity of the bonds was August 1, 2017.

General Obligation Bonds, Series 2014 - On June 26, 2014, the County issued $19,550,000.00 General Obligation Bonds, consisting of $16,675,000.00 of General Improvement Bonds and $2,875,000.00 of County College Bonds, with interest rates ranging from 2.00% to 5.00%. The bonds funded various capital ordinances, specifically 2012-5, 2013-6, 2014-4, and 2014-6. The final maturity of the bonds is February 15, 2026.

County College Bonds, Series 2015 - On June 29, 2015, the County issued $3,200,000.00 of County College Bonds, with interest rates ranging from 2.50% to 3.00%. The bonds funded capital ordinance 2013-2, as supplemented by 2014-16. The final maturity of the bonds is February 15, 2030.

Refunding Bonds, Series 2015 - On September 16, 2015, the County issued $12,910,000.00 of General Improvement Refunding Bonds and $3,850,000.00 of County College Refunding Bonds, with interest rates ranging from 1.00% to 4.00%. The Bonds were issued to advance refund several bond issues including $2,400,000.00 of the outstanding principal amount of the County’s General Improvement Bonds, Series 2006, $4,000,000.00 of the outstanding principal amount of the County’s College Bonds, Series 2006, and $10,600,000.00 of the outstanding principal amount of the County’s General Improvement Bonds, Series 2007. The final maturity of the bonds is August 15, 2023.

Refunding Bonds, Series 2015 - On September 16, 2015, the County issued $4,150,000.00 of State Aid County College Refunding Bonds, with interest rates ranging from 1.50% to 2.50%. The Bonds were issued to advance refund $4,000,000.00 of the outstanding principal amount of the County’s State Aid County College Bonds, Series 2006. The final maturity of the bonds is August 15, 2021.

Note 11: CAPITAL DEBT (CON'T)

General Improvement Bonds (Con't)

County College Bonds, Series 2016 - On March 24, 2016, the County issued $3,000,000.00 of General Obligation Bonds (County College Bond Series), with interest rates ranging from 3.00% to 3.50%. The bonds funded capital ordinance 2015-7, as amended by 2015-9. The final maturity of the bonds is February 15, 2031.

Refunding Bonds, Series 2016 - On July 13, 2016, the County issued $7,400,000.00 of General Improvement Refunding Bonds, with interest rates ranging from 2.00% to 5.00%. The Bonds were issued to advance refund $7,467,000.00 of the outstanding principal amount of the County's General Improvement Bonds, Series 2009. The final maturity of the bonds is December 15, 2024.

County College Bonds, Series 2017 – On June 1, 2017, the County issued $2,600,000.00 of General Obligation Bonds (County College Bond Series), with interest rates ranging from 2.00% to 4.00%. The bonds funded capital ordinance 2016-4. The final maturity of the bonds is May 15, 2027.

The following schedule represents the remaining debt service, through maturity, for the general improvement bonds:

Year	Principal	Interest	Total
2018	$ 8,835,000.00	$ 2,145,313.70	$ 10,980,313.70
2019	7,735,000.00	1,796,630.76	9,531,630.76
2020	7,860,000.00	1,518,493.76	9,378,493.76
2021	8,135,000.00	1,233,218.76	9,368,218.76
2022	6,775,000.00	945,581.26	7,720,581.26
2023-2027	19,900,000.00	1,607,231.26	21,507,231.26
2028-2031	1,750,000.00	102,500.00	1,852,500.00
	$ 60,990,000.00	$ 9,348,969.50	$ 70,338,969.50

General Debt – County Capital Loan Agreement

See Note 16 for information regarding the County Capital Loan Agreement for County Guaranteed Revenue Bonds, Series 2014. The following schedule represents the remaining debt service, through maturity, for the County Capital Loan Agreement:

Year	Principal	Interest	Total
2018	$ 1,795,000.00	$ 2,647,806.25	$ 4,442,806.25
2019	1,850,000.00	2,593,956.25	4,443,956.25
2020	1,925,000.00	2,519,956.25	4,444,956.25
2021	2,000,000.00	2,442,956.25	4,442,956.25
2022	2,100,000.00	2,342,956.25	4,442,956.25
2023-2027	12,190,000.00	10,030,281.25	22,220,281.25
2028-2032	15,175,000.00	7,036,581.25	22,211,581.25
2033-2037	16,730,000.00	4,069,250.00	20,799,250.00
2038-2039	6,700,000.00	502,500.00	7,202,500.00
	$ 60,465,000.00	$ 34,186,243.75	$ 94,651,243.75

Note 11: CAPITAL DEBT (CON'T)

General Debt - New Jersey Green Acres Loans

On December 22, 2000, the County entered into a loan agreement with the New Jersey Department of Environmental Protection to provide $915,773.00, at an interest rate of 2.00%. The proceeds were used to fund the Sunset Lake Dam project. Semiannual debt payments are due June 22nd and December 22nd through June 22, 2019.

On April 3, 2002, the County entered into a loan agreement with the New Jersey Department of Environmental Protection to provide $632,742.87, at an interest rate of 2.00%. The proceeds were used to fund the East Lake Dam project. Semiannual debt payments are due January 3rd and July 3rd through July 3, 2020.

The following schedule represents the remaining debt service, through maturity, for the New Jersey Green Acres loans:

Year	Principal	Interest	Total
2018	$ 97,800.65	$ 3,698.29	$ 101,498.94
2019	70,033.09	1,732.51	71,765.60
2020	41,410.06	622.18	42,032.24
	$ 209,243.80	$ 6,052.98	$ 215,296.78

Note 11: CAPITAL DEBT (CON'T)

The following schedule represents the County's summary of debt for the current and two previous years:

	2017	2016	2015
Issued			
General:			
Bonds, Loans and Notes	$ 78,799,243.80	$ 79,425,117.39	$ 78,871,101.89
Authorized by Another Public Body Guaranteed by the County -- Capital Loan Agreement	60,465,000.00	62,210,000.00	63,890,000.00
Bonds Issued by Another Public Body Guaranteed by the County -- Bonds and Notes	41,304,243.00	33,145,000.00	35,145,000.00
Total Issued	180,568,486.80	174,780,117.39	177,906,101.89
Authorized but not Issued			
General:			
Bonds, Loans and Notes	2,617,295.72	2,742,500.00	3,607,127.58
Total Issued and Authorized but not Issued	183,185,782.52	177,522,617.39	181,513,229.47
Deductions			
General:			
Bonds Issued by Another Public Body Public Body Guaranteed by the County	41,304,243.00	33,145,000.00	35,145,000.00
Funds Temporarily Held to Pay Bonds	1,621,909.97	754,470.14	885,862.14
Bonds Issued and Bonds Authorized but not Issued for Capital Projects for County Colleges		14,074,000.00	14,501,500.00
Accounts Receivable from Other Public Authorities	55,034,850.00	36,747,384.79	44,399,716.60
Total Deductions	97,961,002.97	84,720,854.93	94,932,078.74
Net Debt	$ 85,224,779.55	$ 92,801,762.46	$ 86,581,150.73

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of .978%.

	Gross Debt	Deductions	Net Debt
General	$ 183,185,782.52	$ 97,961,002.97	$ 85,224,779.55

Net debt $85,224,779.55 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, $8,714,607,350.00, equals .978%.

A revised Annual Debt Statement was filed by the Chief Financial Officer.

Note 11: CAPITAL DEBT (CON'T)

Borrowing Power Under N.J.S.A. 40A:2-6 as Amended

2% of Equalized Valuation Basis	$	174,292,147.00
Less: Net Debt		85,224,779.55
Remaining Borrowing Power	$	89,067,367.45

Note 12: DEFEASED DEBT

In 2016, the County defeased certain general obligation bonds by placing the proceeds of new bonds in a separate irrevocable trust fund. The investments and fixed interest earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt is considered defeased and therefore removed as a liability from the County's financial statements. As of December 31, 2017, the total amount of defeased debt outstanding, but removed from the County's financial statements, is $7,467,000.00.

Note 13: ARBITRAGE REBATE

The Tax Reform Act of 1986 placed restriction on investments of the proceeds of certain tax-exempt bonds issued after December 31, 1986. Specifically, investment earnings which are above arbitrage bond yield are required to be rebated to the United States Treasury Department within sixty days of the end of the fifth bond year. A bond year is defined, at the option of the issuing entity, as either the date of the first anniversary of bond settlement or the issuing entity's year end.

The County has multiple bonds outstanding as of December 31, 2017 that are subject to rebate calculations. Rebate calculations on these bonds are required to be made at least once every five years. The County prepares rebate calculations for purposes of determining any contingent liability for rebate in accordance with the requirements. As of December 31, 2017, the County has determined that no arbitrage rebate liability exists. The amount of contingent liability for rebate may change as a result of future events; and the County has not recorded an arbitrage rebate amount that is required to be paid or accrued at December 31, 2017.

Note 14: CHANGE ORDERS

During the year 2017, the County amended contracts by approving the following change orders that resulted in the total amount of change orders executed for these projects to exceed the originally awarded contract price by more than twenty percent (20%):

Ordinance Number	Project Description
2017-144	Providing Various Social Services for the Homeless and the Social Services Block Grant Homeless Assistance Program
2017-145	Providing Various Social Services for the Homeless and the Social Services Block Grant Homeless Assistance Program
2017-146	Providing Various Social Services for the Homeless and the Social Services Block Grant Homeless Assistance Program
2017-405	East Point Light House Phase II
2017-265	Providing Job Search and Other Work Activities Program for Cape May County by Means of Cumberland County Department of Workforce Development
2017-322	Providing Transportation Services for Children and Families
2017-323	Providing Affordable Childcare and Supportive Family Services for Children and Families
2017-324	Providing Affordable Childcare and Supportive Family Services for Children and Families
2017-325	Providing Affordable Childcare and Supportive Family Services for Children and Families
2017-326	Providing Affordable Childcare and Supportive Family Services for Children and Families
2017-327	Providing Affordable Childcare and Supportive Family Services for Children and Families
2017-328	Providing Affordable Childcare and Supportive Family Services for Children and Families
2017-336	Providing Various Social Services for the Homeless and the Social Services Block Grant Homeless Assistance Program
2017-337	Providing Various Social Services for the Homeless and the Social Services Block Grant Homeless Assistance Program
2017-338	Providing Various Social Services for the Homeless and the Social Services Block Grant Homeless Assistance Program
2017-339	Providing Various Social Services for the Homeless and the Social Services Block Grant Homeless Assistance Program
2017-340	Providing Various Social Services for the Homeless and the Social Services Block Grant Homeless Assistance Program
2017-360	Providing Organizational Development and Change Management Training Services for the Cumberland County Division of Social Services
2017-380	Rehabilitation of Bridge, Mauricetown Bypass (CR 670) over Maurice River
2017-406	Community Support Services for the 2016-2018 Area Plan
2017-448	Providing Drug and Alcohol Treatment Services for the Cumberland County Alcohol and Drug Abuse Services Office
2017-494	Providing Various Services for the Cumberland County Youth Services Advisory Council
2017-684	Providing Various Services for the Cumberland County Youth Services Advisory Council

Note 14: CHANGE ORDERS (CONT'D)

N.J.A.C. 5:30-11.3 (a) 9 and 10 states that the total number of change orders executed for a particular contract shall not cause the originally awarded contract price to be exceeded by more than twenty percent (20%) unless otherwise authorized, and that if proposed change orders do exceed that twenty percent limitation, no work shall be performed or purchases made until the procedures of N.J.A.C. 5:30-11.9 have been completed.

N.J.A.C. 5:30-11.9 delineates the required procedures for change orders, which exceed the twenty percent (20%) limitation. The County has complied with all provisions of N.J.A.C. 5:30-11.9.

Note 15: RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Surety Bonds - The County maintains commercial insurance coverage for surety bonds for selected employees and officials.

Joint Insurance Pool - The County is a member of the Cumberland County Insurance Commission (the "Commission"). The Commission is operated in accordance with regulations of the Division of Local Governmental Services of the Department of Community Affairs for the purpose of securing significant savings in insurance cost as well as providing stability in coverage. It is governed by three County officials who serve as commissioners and are appointed by the Board. Coverage in excess of the Commission's self-insured retention limit is provided through the Commission's membership in the New Jersey Counties Excess Joint Insurance Fund established in March 2010. The Commission provides its members with the following coverage:

General Liability, Auto Liability and Law Enforcement Liability
Worker's Compensation / Employer's Liability
Property, including Equipment Breakdown

Through membership in the New Jersey Counties Excess Joint Insurance Fund, the Commission offers the following ancillary insurance coverage to its members:

Public Officials Liability/ Employment Practices Liability
Crime
Employed Lawyers Liability
Medical Professional Liability
Pollution Liability
Non-Owned Aircraft Liability
Volunteer Accident
Above / Underground Storage Tank
Auto and Excess Auto Liability – CATS
Disability – Volunteer Fire Instructors
Professional Liability – Trainers
Cyber Liability

Contributions to the Commission, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Commission's actuary. The Commissioner of Insurance may order additional assessments to supplement the Commission's claim, loss retention or administrative accounts to assure the payment of the Commission's obligations.

The Commission provides coverage on a self-insured basis and secures excess insurance in a form and an amount from an insurance company acceptable to the Commissioner of Insurance. The Commission publishes its own financial report for the year ended December 31, 2017, which can be obtained from:

Cumberland County Insurance Commission
164 West Broad Street
Bridgeton, New Jersey 08302

Note 15: RISK MANAGEMENT (CON'T)

Self-Insurance Plan - The County is self-insured for all claims incurred prior to October 3, 2012, which is the date of initial membership in the Commission. Subsequent to that date, all claims are processed and paid through the Commission. It has established the Reserve for Workers' Compensation in the Trust -- Other Fund to account for and finance its related uninsured risks of loss up to $250,000.00 per any one accident. Inservco acts as administrator of the plan. The County purchases insurance for claims in excess of $250,000.00 through the Commission. Settled claims have not exceeded this commercial coverage in any of the past three years.

At December 31, 2017, the balance estimated to be payable for the workers' compensation insurance was $984,366.49, which is the amount that the records of the administrator of the plan show as potential claims reported. The balance estimated to be payable for the County general liability was $90,125.00, which is the amount that the records of the administrator of the plan show as the estimated maximum amount of potential claims reported at December 31, 2017. The estimated payable for workers' compensation and county general liability insurance do not include any provision for claims incurred but not reported.

Any additional funds required for claims in excess of the amounts reserved and recorded as a liability will be paid and charged to the 2017 or future budgets. At December 31, 2017, the balances of the reserves are as follows:

Insurance Plan	Amount
Reserve for Workers' Compensation Insurance--Trust Fund	$556,639.74
Reserve for General Liability Insurance--Trust Fund	482,234.40
Reserve for Automobile and Contractors Equipment Physical Damage Insurance -- Trust Fund	437,011.20

Note 16: COUNTY GUARANTEES

The following information applies to the Cumberland County Improvement Authority ("CCIA") and it should be noted that the CCIA does not have the power to levy or collect taxes. The debt issued by the CCIA is neither a debt nor a liability of the State, the County (except to the extent of any deficiency agreement or guarantee), nor any political subdivision of the State, except the Cumberland County Improvement Authority.

Cumberland County Improvement Authority

The Cumberland County Improvement Authority is a public body corporate and politic of the State of New Jersey and was created by a resolution of the County Board of Chosen Freeholders ("the County Board"). The CCIA operates under the supervision of a five member Board who are appointed for five year staggered terms by the County Board. The CCIA has from time to time issued its revenue bonds for projects involving the County and for which the County has a repayment obligation or guaranty.

Note 16: **COUNTY GUARANTEES (CONT'D)**

Cumberland County Improvement Authority
Outstanding Debt Issued Under a Lease/Loan Agreement with the County
Or Guaranteed by the County
As of December 31, 2017

	Purpose	Interest Rate	Date of Issue	Final Maturity	Amount Outstanding	Amount Guaranteed by County
(1)	County Guaranteed Lease Revenue Bonds, Series 2014	2.00-5.00%	5-29-14	5-1-39	$16,810,000.00	$16,810,000.00
(2)	County Guaranteed Revenue Bonds, Series 2014	2.00-5.00%	10-30-14	9-1-39	$60,465,000.00	$60,465,000.00
(3)	County Guaranteed Solid Waste System Revenue Refunding Bonds, Series 2015A	3.00-5.00%	6-4-15	1-1-26	$14,595,000.00	$14,595,000.00
(4)	New Jersey Environmental Infrastructure Trust Bonds, Series 2017A	3.00-5.00%	5-25-17	9-1-36	$2,510,000.00	$2,510,000.00
(5)	New Jersey Environmental Infrastructure Fund Loan, Series 2017B	No Interest	5-25-17	9-1-36	$7,389,243.00	$7,389,243.00

2006 Agreement

On June 29, 2006, the Cumberland County Board of Chosen Freeholders by ordinance, authorized the guarantee ("2006 Guaranty Agreement") of the punctual payment of the principal of and the interest on the Solid Waste System Revenue Bonds, Series 2006 (the "Bonds") of the Cumberland County Improvement Authority (the "Authority") to be issued in the aggregate principal amount not exceeding $25,000,000.00 pursuant to a resolution of the Authority to provide for the financing of (i) the construction of (a) a Commercial Convenience Center, (b) the Phase II improvements of the Leachate System Improvements, (c) Stage 1 of the Aerobic/Anaerobic Landfill RD & D Project, and (d) an Equipment Storage Maintenance Building; (ii) the renovation of the Administration Building at the Solid Waste Complex; (iii) the relocation of the MSF Floor Improvements and Tire Shredder; (iv) funding the Bond Reserve Fund to ensure that the amount on deposit therein after the issuance of the Series 2006 Bonds equals the Bond Reserve Requirement, (v) paying capitalized interest on the 2006 Bonds; and (vi) paying the costs of issuance of the 2006 Bonds. Any of the Bonds that are no longer considered outstanding under the resolution of the Authority authorizing the Bonds shall not be considered outstanding for the purpose of this guarantee.

The ordinance further states that: "The principal amount of the Series 2006 Bonds included in the gross debt of the County shall be deducted from the gross debt of the County under and for all the purposes of the Local Bond Law (a) from and after the time of issuance of the Bonds until the end of the fiscal year beginning next after the completion of the Refunding Project to be financed from the proceeds of the Bonds and (b) in any Annual Debt Statement filed pursuant to the Local Bond Law as of the end of such fiscal year or any subsequent fiscal year if the revenues or other receipts or moneys of the Authority in such year are sufficient to pay its expenses of operation and maintenance in such year and all amounts payable in such year on account of the principal of and the interest on all such Bonds, all bonds of the County issued as provided under N.J.S.A. 40:37A-79 and all bonds of the Authority issued under the County Improvement Authorities Law."

The Series 2006 Solid Waste System Revenue Bonds were part of a refunding in 2015. See item (4) below regarding the 2015 agreement.

Note 16: <u>COUNTY GUARANTEES (CONT'D)</u>

(1) <u>2014 Agreement</u>
On May 29, 2014, the Cumberland County Board of Chosen Freeholders by ordinance, authorized the guarantee ("2014 Guaranty Agreement") of the punctual payment of the principal of and the interest on the County-Guaranteed Lease Revenue Bonds (Board of Social Services/Employment and Training Facilities Project), Series 2014 (the "Series 2014 Bonds") of the Authority to be issued in the aggregate principal amount not exceeding $18,500,000.00 pursuant to a resolution of the Authority to provide for the financing of (i) the construction of a new facility for the Cumberland County Center for Workforce and Economic Development to be located on property in the City of Vineland currently owned by Cumberland County College; (ii) the acquisition and renovation of an existing facility in the City of Vineland for the Cumberland County Board of Social Services; (iii) the completion of such other improvements and work and acquisition of equipment and materials as may be necessary or appropriate for the completion of the capital improvements described above; (iv) capitalized interest on the Series 2014 Bonds (as hereinafter defined); and (v) the costs and expenses incurred by the Authority and the County in connection with the issuance and delivery of the Series 2014 Bonds, including the payment of a municipal bond insurance premium, if any (collectively, the "2014 Project". Any of the Bonds that are no longer considered outstanding under the resolution of the Authority authorizing the Bonds shall not be considered outstanding for the purpose of this guarantee.

The ordinance further states that: "The principal amount of the Series 2014 Bonds included in the gross debt of the County shall be deducted from the gross debt of the County under and for all the purposes of the Local Bond Law (a) from and after the time of issuance of the Bonds until the end of the fiscal year beginning next after the completion of the Refunding Project to be financed from the proceeds of the Bonds and (b) in any Annual Debt Statement filed pursuant to the Local Bond Law as of the end of such fiscal year or any subsequent fiscal year if the revenues or other receipts or moneys of the Authority in such year are sufficient to pay its expenses of operation and maintenance in such year and all amounts payable in such year on account of the principal of and the interest on all such Bonds, all bonds of the County issued as provided under N.J.S.A. 40:37A-79 and all bonds of the Authority issued under the County Improvement Authorities Law."

(2) <u>2014 Agreement</u>
In October 2014, the Authority issued its County General Obligation Revenue Bonds (Technical High School Project), Series 2014, in the initial aggregate principal amount of $63,890,000.00 (the "Series 2014 Bonds"), to make a loan to the County to finance the purchase of real property and the construction and equipping of a Technical High School. The payment of the principal and the interest on the Series 2014 Bonds is guaranteed by the County pursuant to a guaranty agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2014 Bonds.

(3) <u>2015 Agreement</u>
In June 2015, the Cumberland County Board of Chosen Freeholders by ordinance, authorized the issuance of refunding bonds by the Cumberland County Improvement Authority and the issuance of a guaranty up to $17,000,000.00 principal amount by the County for such refunding bonds. The Authority has previously issued its Cumberland County Improvement Authority County Guaranteed Solid Waste System Revenue Bonds, Series 2006 (the "Existing Bonds") under a bond resolution and the County has guaranteed the payment of principal and interest on the Existing Bonds (the "Existing County Guaranty") and the Authority now wishes to authorize the issuance of Additional Bonds in the form of refunding bonds under the Bond Resolution for the purpose of (i) advance refunding all or a portion of the Existing Bonds and (ii) paying the costs associated with the issuance of the Refunding Bonds.

Note 16: COUNTY GUARANTEES (CONT'D)

(3) 2015 Agreement (Cont'd)
The ordinance further states that: "The principal amount of the Refunding Bonds included in the gross debt of the County shall be deducted from the gross debt of the County under and for all the purposes of the Local Bond Law (a) from and after the time of issuance of the Bonds until the end of the fiscal year beginning next after the completion of the Refunding Project to be financed from the proceeds of the Bonds and (b) in any Annual Debt Statement filed pursuant to the Local Bond Law as of the end of such fiscal year or any subsequent fiscal year if the revenues or other receipts or moneys of the Authority in such year are sufficient to pay its expenses of operation and maintenance in such year and all amounts payable in such year on account of the principal of and the interest on all such Bonds, all bonds of the County issued as provided under N.J.S.A. 40:37A-79 and all bonds of the Authority issued under the County Improvement Authorities Law."

(4) 2017 Agreement
In May 2017, the Authority issued indebtedness in connection with financing involving the New Jersey Environmental Infrastructure Trust to finance a solid waste project (the "Series 2017A NJEIT Bonds" and the "Series 2017B NJEIT Bonds"). The Authority's Series 2017A NJEIT Bonds were issued in the principal amount of $2,510,000.00, with interest rates ranging from 3.00% to 5.00% and serial maturities ranging from $90,000.00 in 2018 to $175,000.00 in 2036. The Series 2017B NJEIT Bonds were issued in the principal amount of $7,648,515.00 at zero interest with an initial principal payment of $259,272.00 in 2017 and annual principal payments in the amount of $388,908.00 from 2018 through 2036. As of December 31, 2017, $2,510,000.00 principal amount of the Series 2017A NJEIT Bonds remained outstanding and $7,389,243.00 principal amount of the Series 2017B NJEIT Bonds remained outstanding.

Non-Guaranteed CCIA Debt
On September 2, 2009, the Cumberland County Freeholder Board consented to the Cumberland County Improvement Authority undertaking the Project and issuing the Loan Unit Program Bonds, Series 2009 in an amount not to exceed $60,000,000.00 for (i) purchase of general obligation bonds of the City of Vineland which were previously authorized to finance the costs of the acquisition and installation of a new simple cycle turbine generator at the Howard M. Down Generating Station and (ii) the financing of the Project through the issuance of the Authority's Local Unit Program Bonds (Vineland Municipal Electric Utility Project), Series 2009, in the aggregate principal amount not to exceed $60,000,000.00 (the "Local Unit Program Bonds, Series 2009").

The amounts outstanding under the Series 2009 Local Unit Program Bonds in the amount of $58,000,000.00 are not covered under the County Guaranty.

Note 17: FARMLAND PRESERVATION TRUST

The Board of Chosen Freeholders authorized the Farmland and Open Space Preservation Trust Fund referendum on the November, 1994 ballot. With a 58% majority, voters authorized the dedication of one cent of the County tax rate for Farmland and Open Space Preservation. The revenue is to be used for the acquisition of lands and interests in lands for conservation of farmland or open space. In proposing the issue, the Freeholders earmarked the first three to five years of revenue exclusively for farmland preservation. Future changes to the tax rate or levy must be authorized by referendum. All revenue received is accounted for in a Trust Fund dedicated by rider (N.J.S.A. 40A:4-39) for the purpose stated. Interest earned on the investment of these funds is credited to the Farmland Preservation Trust Fund. As of December 31, 2017, the Reserve for Farmland Preservation had a balance of $583,663.31.

Note 18: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the County expects such amount, if any, to be immaterial.

Litigation - The County is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the County, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements. The County has procured insurance coverage covering all pending claims which is deemed to be adequate to meet any contingent liabilities arising from pending litigation or claims.

Note 19: CONCENTRATIONS

The County depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the County is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Note 20: TAX ABATEMENTS

Municipalities within the County are authorized to enter into property tax abatement agreements for commercial and industrial structures under N.J.S.A. 40A:21-1 (Chapter 441, P.L. 1991) known as the "Five Year Exemption and Abatement Law". Under this law, municipalities may grant property tax abatements for a period of five years from the date of completion of construction for the purpose of encouraging the construction of new commercial and industrial structures. The first calendar year following completion, 0 percent of taxes are due, and each subsequent calendar the percentage of taxes due increases by 20 percent. During the 6th calendar year, 100 percent of taxes are assessed and due. The property owner agrees that the payment in lieu of taxes shall be made to the municipality in quarterly installments on those dates when real estate tax payments are due. Failure to make timely payments shall result in interest being assessed at the highest rate permitted for unpaid taxes and a real property tax lien on the land. The County receives 100% of its tax levy from each of the municipalities within the County and does not have any reduction in revenue as a result of these tax abatement programs.

The 2017 Equalization Tables for Cumberland County indicated 6 of 14 municipalities abated property taxes under this program. The total assessed value for properties participating in this program was $80,957,000.00 and the total assessed value abated was $50,203,500.00.

Note 21: RESTATEMENT OF GENERAL FIXED ASSETS ACCOUNT GROUP

Because of a correction of an error related to vehicle inventory, the general fixed assets account group as of December 31, 2016 has been restated.

The cumulative effect on the financial statements as reported for December 31, 2016 is as follows:

	Balance Dec. 31, 2016	Prior Period Adjustment	(Restated) Balance Dec. 31, 2016
General Fixed Assets:			
Building	$ 52,318,461.17		$ 52,318,461.17
Land	2,976,255.22		2,976,255.22
Equipment	7,197,188.21		7,197,188.21
Vehicle (Truck/Heavy Equipment)	9,952,995.01		9,952,995.01
Computers	2,130,447.33		2,130,447.33
Vehicles	4,379,792.55	$ (1,891,976.10)	2,487,816.45
Work In Progress	4,393,726.40		4,393,726.40
Total General Fixed Assets	$ 83,348,865.89	$ (1,891,976.10)	$ 81,456,889.79

Note 22: SUBSEQUENT EVENTS

Authorization of Debt - Subsequent to December 31, the County authorized additional bonds and notes as follows:

Purpose	Adoption	Authorization
Construction of an addition to the Vocational Technical High School of Cumberland County	07/24/18	$ 26,200,000.00

County Guaranty of Debt - On July 24, 2018 the County introduced Ordinance 2018-4 authorizing the guaranty by the County of Cumberland, State of New Jersey, of County Guaranteed Lease Revenue Bonds, Series 2018, to be issued by the Cumberland County Improvement Authority in an aggregate principal amount not to exceed $65,000,000.00 in bonds issued for the purpose of financing the construction of a new county correctional facility.

APPENDIX C
Financial Statements of the Authority

RHT&K

Cumberland
County
IMPROVEMENT
AUTHORITY

THE IMPROVEMENT AUTHORITY OF THE COUNTY OF CUMBERLAND NEW JERSEY

AUDIT REPORT

YEARS ENDED
DECEMBER 31, 2017 AND 2016

Romano, Hearing, Testa & Knorr
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
AUDIT REPORT
YEARS ENDED DECEMBER 31, 2017 AND 2016
TABLE OF CONTENTS

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
AUDIT REPORT
YEARS ENDED DECEMBER 31, 2017 AND 2016
TABLE OF CONTENTS (CONTINUED)

INDEPENDENT AUDITORS' REPORT

Chairman and Members of the
Cumberland County Improvement Authority
Millville, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the Cumberland County Improvement Authority, a component unit of the County of Cumberland, as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cumberland County Improvement Authority as of December 31, 2017 and December 31, 2016, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Proportionate Share of Net Pension Liability and Schedule of Employer Contributions, and the Schedules of Funding Progress and Employer Contributions for OPEB Plan, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cumberland County Improvement Authority's basic financial statements. The accompanying supplementary schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedules as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules as listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2018 on our consideration of the Cumberland County Improvement Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cumberland County Improvement Authority's internal control over financial reporting and compliance.

ROMANO, HEARING, TESTA & KNORR

Romano, Hearing, Testa & Knorr

Certified Public Accountants

June 19, 2018

Romano, Hearing, Testa & Knorr
PROFESSIONAL ASSOCIATION

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Chairman and Members of the
Cumberland County Improvement Authority
Millville, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Cumberland County Improvement Authority, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Cumberland County Improvement Authority's basic financial statements, and have issued our report thereon dated June 19, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cumberland County Improvement Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cumberland County Improvement Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Cumberland County Improvement Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cumberland County Improvement Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

ROMANO, HEARING, TESTA & KNORR

Romano, Hearing, Testa & Knorr

Certified Public Accountants

June 19, 2018

REQUIRED SUPPLEMENTARY INFORMATION
PART I

Cumberland County Improvement Authority

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Cumberland County Improvement Authority's (the Authority) annual financial report presents the analysis of the Authority's financial performance during the year that ended on December 31, 2017. Please read it in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Management believes the Authority's financial condition is strong. Operating revenue totaled $16.7 million which is a decrease of $1.1 million or 7% over the prior year. Landfill Tipping Fees, the largest revenue source, accounted for $12.6 million, an increase of $.5 million or 4.1%.

- The Authority's Net Capital Assets increased by $25.7 million, an increase of 32.7%.
- The Authority's Total Assets increased by $35.1 million, a 24.8% increase.
- Operating expenses include cost of providing services, administrative and general, closure and postclosure costs and depreciation. The costs the Authority has control over, which are the cost of providing services and administrative and general expenses, totaled $10.7 million, an increase of $1.7 million or 19.3%. This is primarily the result of maintaining level fees while absorbing increasing costs of operation and building new lines of business.
- Closure and postclosure costs and depreciation expense totaled $4.4 million, an increase of $3.8 million or 622.8%. These costs are not controlled by the Authority and the change was primarily due to changes in accounting estimate for closure and postclosure costs for all years presented.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority is a single enterprise fund even though it provides various services. The Authority's major fund is comprised of Solid Waste Operations. The Authority has also undertaken significant acquisition and construction projects with leasing agreements to various tenants under its economic development responsibilities. The Authority's Audit Report includes the required Basic Financial Statements, as described below, the Notes to Financial Statements, required supplementary information, which consists of this Management Discussion and Analysis section and required pension schedules, and finally, supplementary information.

REQUIRED FINANCIAL STATEMENTS

The financial statements report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities.

The ***Statements of Net Position*** includes all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets) and the obligations to Authority creditors (liabilities). The statements provide the basis for computing rate of return, evaluating the capital structure of the Authority, and assessing the liquidity and financial flexibility of the Authority.

All of the current year's revenues and expenses are accounted for in the ***Statements of Revenues, Expenses and Changes in Net Position***. These statements measure the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its solid waste user fees and other charges. These statements also measure the Authority's profitability and credit worthiness. The other required financial statement is the ***Statement of Cash Flows***. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities, and provides answers to such questions as "where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period?"

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

One of the most important questions asked about the Authority's finances is "Is the Authority, as a whole, better off or worse off as a result of the year's activities?" The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position report information about the Authority's activities in a manner that will help answer this question. These two statements report the net position of the Authority, and year-over-year changes in net position. You can think of the Authority's net position – the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources – as one way to measure financial health or financial position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. However, other non-financial factors such as changes in economic conditions, customer growth, and legislative mandates also need to be part of this evaluation.

The analysis below focuses on the Authority's net position (Table 1) and changes in net position (Table 2) during the year.

Table 1
Net Position
(Dollars in Thousands)

	2017	2016	2015	2017-2016 Increase/(Decrease) $	2017-2016 Increase/(Decrease) %	2016-2015 Increase/(Decrease) $	2016-2015 Increase/(Decrease) %
Current Assets - Unrestricted	$ 3,416	$ 6,718	$ 11,264	$ (3,302)	-49.2%	$ (4,546)	-40.4%
Current Assets - Restricted	42,779	32,399	34,580	10,380	32.0%	(2,181)	-6.3%
Noncurrent Assets	130,229	102,221	85,401	28,008	27.4%	16,820	19.7%
Total Assets	176,424	141,338	131,245	35,086	24.8%	10,093	7.7%
Deferred Outflows of Resources	2,984	3,907	2,400	(923)	-23.6%	1,507	62.8%
Current Liabilities Payable from Unrestricted Assets	1,993	2,282	1,393	(289)	-12.7%	889	63.8%
Current Liabilities Payable from Restricted Assets	4,742	18,548	13,417	(13,806)	-74.4%	5,131	38.2%
Long Term Liabilities	122,770	76,429	79,189	46,341	60.6%	(2,760)	-3.5%
Total Liabilities	129,505	97,259	93,999	32,246	33.2%	3,260	3.5%
Deferred Inflows of Resources	5,380	4,005	388	1,375	34.3%	3,617	932.2%
Net Investment in Capital Assets	37,339	30,591	23,785	6,748	22.1%	6,806	28.6%
Restricted Net Position	5,275	10,054	14,285	(4,779)	-47.5%	(4,231)	-29.6%
Unrestricted Net Position	1,910	3,336	1,188	(1,426)	-42.7%	2,148	180.8%
Total Net Position	$ 44,524	$ 43,981	$ 39,258	$ 543	1.2%	$ 4,723	12.0%

The decrease in current assets-unrestricted is primarily the result of a decrease in due from restricted assets.

The increase in current assets-restricted is due to the increase in cash.

The increase in noncurrent assets is due to the increase in net capital assets.

The decrease in deferred outflows of resources is due to a decrease in deferred amount relating to pensions.

The decrease in current liabilities payable from unrestricted assets is the net result of a decrease in accounts payable and an increase in security deposits.

The decrease in current liabilities payable from restricted assets is primarily due to decreases in the NJEIT loan payable and due to unrestricted assets.

The increase in long-term liabilities is due to an increase in revenue bonds payable.

The increase in deferred inflows of resources is due to an increase in deferred amount relating to pensions.

Table 2
Statement of Revenues, Expenses and Changes in Net Position
(Dollars in Thousands)

				2017 - 2016 Increase/(Decrease)		2016 - 2015 Increase/(Decrease)	
	2017	**2016**	**2015**	**$**	**%**	**$**	**%**
Operating Revenue:							
Landfill Tipping Fees	$ 12,641	$ 12,139	$ 13,190	$ 502	4.1%	$ (1,051)	-8.0%
Rental Income	2,710	2,040	1,503	670	32.8%	537	35.7%
Project Management Fee	179	512	734	(333)	-65.0%	(222)	-30.2%
Methane Gas Project Revenue	458	437	458	21	4.8%	(21)	-4.6%
Recycle Revenue	257	129	259	128	99.2%	(130)	-50.2%
Project Income - Fleet Maintenance	227	164	150	63	38.4%	14	
Administrative/Bond Transaction Fee	27		46	27		(46)	-100.0%
Property Management Fee	30		44	30		(44)	-100.0%
Lease Income		55	55	(55)	-100.0%	-	0.0%
Other Operating Income	133	99	112	34	34.3%	(13)	-11.6%
Total Operating Revenue	16,662	15,575	16,551	1,087	7.0%	(976)	-5.9%
Operating Expenses:							
Cost of Providing Services	7,698	6,194	5,646	1,504	24.3%	548	9.7%
Administrative and General	3,019	2,788	2,566	231	8.3%	222	8.7%
Closure and Postclosure Costs	(570)	(4,361)	6,584	3,791	-86.9%	(10,945)	-166.2%
Depreciation	4,942	4,967	3,938	(25)	-0.5%	1,029	26.1%
Total Operating Expenses	15,089	9,588	18,734	5,501	57.4%	(9,146)	-48.8%
Operating Income (Loss)	1,573	5,987	(2,183)	(4,414)	-73.7%	8,170	374.3%
Non Operating Revenue (Expenses):							
Interest Income	601	677	775	(76)	-11.2%	(98)	-12.6%
Interest Expense	(1,505)	(1,400)	(1,351)	(105)	7.5%	(49)	3.6%
Pass Through Revenue - Arts & Innovation Project	244	4,740		(4,496)	-94.9%	4,740	
Pass Through Expenses - Arts & Innovation Project		(4,984)		- 4,984		(4,984)	
Net Decrease in Fair Value of Investments	(220)	(285)	(430)	65	-22.8%	145	-33.7%
Appropriated to County	(454)	(445)	(415)	(9)	2.0%	(30)	7.2%
Operating Grants	336	358	339	(22)	-6.1%	19	5.6%
Forgivable Loans/Grants	(200)	(200)	(200)	-	0.0%	-	0.0%
Debt Issue Costs Incurred	(353)	(5)	(256)	(348)	6960.0%	251	-98.0%
Gain on Disposal of Assets	432	155	91	277	178.7%	64	70.3%
Contribution to Host /P.I.L.O.T. Program	(11)	(9)	(78)	(2)	22.2%	69	-88.5%
Other Non-Operating Income	100	107	122	(7)	-6.5%	(15)	-12.3%
Total Non-Operating Revenue (Expenses)	(1,030)	(1,291)	(1,403)	261	-20.2%	112	-8.0%
Income (Loss) Before Capital Contributions	543	4,696	(3,586)	(4,153)	-88.4%	8,282	-231.0%
Capital Contributions	-	27	863	(27)	-100.0%	(836)	-96.9%
Change in Net Position	543	4,723	(2,723)	(4,180)	-88.5%	7,446	-273.4%
Total Net Positon-Beginning	43,981	39,258	41,981	4,723	12.0%	(2,723)	-6.5%
Total Net Position-Ending	$ 44,524	$ 43,981	$ 39,258	$ 543	1.2%	$ 4,723	12.0%

Total operating revenue increased $1.0 million or 7.0% year-over-year. Landfill tipping fees revenue increased 4.1% and tons received decreased by 912 tons or .5%. Other revenue increases included rental income of 32.8%, recycle revenue of 99.2% and methane gas revenue of 4.8%, fleet maintenance project income of 38.4%, and other operating income of 34.3%. Revenue decreases included project management fees of 65% and lease income of 100%.

As mentioned in the financial highlights, the costs the Authority has control over are the cost of providing services and administrative and general expenses. These expenses totaled $10.7 million, an increase of $1.7 million or 19.3% which were primarily the result of maintaining level fees while absorbing increasing costs of operation and building new lines of business. Closure and postclosure costs and depreciation expense totaled $4.4 million, an increase of $3.8 million or 622.8%. These costs are not controlled by the Authority and the change was primarily due to changes in accounting estimate, resulting in a “negative expenditure” of $.6 million in 2017 and an expenditure of $4.4 million in 2016 netted against a decrease of .5% related to depreciation expense.

The Authority’s ending net position increased $.5 million or 1.2% as a result of 2017 operations.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 2017, the Authority had $104 million invested in a broad range of capital assets. This amount represents an increase of $25.7 million or 32.7% from the previous year. More detailed information about capital assets can be found in Note 7 to the financial statements. Total depreciation expense for the year was $5.0 million.

The following table summarizes the Authority’s capital assets, net of accumulated depreciation, and changes therein, for the year ended December 31, 2017.

Table 3
Capital Assets, Net of Accumulated Depreciation
(Dollars in Thousands)

				2017-2016 Increase/(Decrease)		2016-2015 Increase/(Decrease)	
	2017	**2016**	**2015**	**$**	**%**	**$**	**%**
Land	$ 5,380	$ 2,030	$ 2,030	$ 3,350	165.0%	-	0.0%
Construction in Progress	9,535	21,282	8,864	(11,747)	-55.2%	12,418	140.1%
Building and Related Improvements	46,208	37,837	35,005	8,371	22.1%	2,832	8.1%
Improvements Other than Building	36,129	13,013	12,037	23,116	177.6%	976	8.1%
Machinery and Equipment	7,051	4,397	6,046	2,654	60.4%	(1,649)	-27.3%
Office Furniture and Fixtures	50	74	93	(24)	-32.4%	(19)	-20.4%
Total	$ 104,353	$ 78,633	$ 64,075	$ 25,720	32.7%	$ 14,558	22.7%

Investment in capital assets during 2017 consisted primarily of the completion of new landfill cells, building improvement projects, and other improvements to Authority facilities.

The Authority's Solid Waste FY 2018 capital budget plans for investing $61.5 million in capital projects, including the following (in thousands):

	Solid Waste	Other	Total
Landfill Heavy Support Equipment	$ 185		$ 185
Budgeted Construction Projects	3,540		3,540
Closure/Post Closure	262		262
Building Improvements	70	85	155
Improvements Other	35	25	60
Office Furniture and Equipment	15		15
Machinery and Equipment	40		40
Economic Development Construction Projects		57,200	57,200
TOTAL	$ 4,147	$ 57,310	$ 61,457

Capital projects listed above are funded through budget appropriations, renewal and replacement reserves, closure/post closure reserves, and debt or bond authorizations.

Debt Administration

At December 31, 2017, the Authority had outstanding bond issues in the amount of $81 million with principal payments of $2.5 million due in one year as detailed in Note 4 to the financial statements.

- The final principal payment on the Series 2006 bonds was made during 2017 and thereafter payments begin on the Series 2015A bonds. The Authority also issued indebtedness in connection with a financing involving the New Jersey Environmental Infrastructure Trust to finance a solid waste project (the "Series 2017A NJEIT Bonds" and the "Series 2017B NJEIT Bonds"). Interest rates on both range from 3.0% to 5.0% with maturities extending to 2026 and 2036 respectively.

- Lease Revenue Bonds issued during 2017 include Vineland Public Safety Building Project Bonds and bank financed Office Building Acquisition Project bonds with interest rates ranging from 3.375% to 5.0% and maturities for both bonds extending to 2042.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Tipping fee revenue is projected to have a slight increase for 2018 before leveling off. The Authority expects a 2.7% increase in tonnage received and a 3.7% increase in tipping fee revenue. Although recycle revenue increased by 99.2% year-over-year 2017, the recycle markets continue to be volatile and uncertain, therefore additional recycle revenue sources are being sought. Methane gas revenue has increased by 4.8% for 2017 and remain strong for 2018. Contract changes are expected that may result in a decrease in methane revenues with savings in expenses going forward. For 2018, rental income is expected to increase 45.5% due to the purchase of additional rental properties and full-year leases. Project management fees are expected to increase 570.9% and fleet maintenance revenue is expected to increase with additional entities utilizing the services available. The Authority's operating model was developed to avoid rate increases and rates have remained unchanged for the past five years. As the 2019 budget is developed, should a rate increase become necessary to offset overall operations and fund land closure and post closure costs, those increases would be integrated over time to minimize the impact on its customers and governmental budgets.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES (CONTINUED)

The Authority continues to augment and diversify its revenue stream with a business model that includes new landfill services, economic development initiatives (shared service), conduit bond financing program, construction management, lease/rental agreements, fleet maintenance, and alternative energy projects. Additionally, the Authority has initiated several shared-service agreements to increase efficiencies and reduce operating costs for the County and local municipalities.

CONTACTING THE AUTHORITY’S FINANCIAL MANAGEMENT

This financial report is designed to provide the Authority’s customers, investors and creditors with a general overview of the Authority’s finances and to demonstrate the Authority’s accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Authority’s President/CEO at the Cumberland County Improvement Authority, 2 North High Street, Millville, NJ 08332, or e-mail ccia@ccia-net.com.

BASIC FINANCIAL STATEMENTS

EXHIBIT A

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
STATEMENTS OF NET POSITION
DECEMBER 31, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS - UNRESTRICTED:		
Cash	$ 1,038,797	$ 805,750
Accounts Receivable	849,252	795,820
Loans Receivable	311,573	539,813
Interest Receivable - Loans	19,646	9,955
Other Receivables	530,470	160,021
Lease Receivable	59,620	
Due from Restricted Assets	303,913	4,299,082
Inventories	262,108	42,122
Prepaid Expenses	40,634	65,807
Total Current Assets - Unrestricted	3,416,013	6,718,370
CURRENT ASSETS - RESTRICTED:		
Accounts Required by the Authority's Bond Resolutions/Loan Agreements:		
Cash	31,538,613	22,776,094
Cash Held by Fiscal Agent	7,357,350	
Other Restricted Accounts:		
Cash	3,765,271	4,806,179
Investments		1,152,486
Interest Receivable	118,003	137,708
Due from New Jersey Environmental Infrastructure Trust		3,526,176
Total Current Assets - Restricted	42,779,237	32,398,643
NONCURRENT ASSETS:		
Investments - Other Restricted Accounts	20,292,940	17,890,156
Loans Receivable - Noncurrent	5,462,786	5,674,358
Prepaid Bond Insurance	121,859	64,412
Capital Assets, Net	104,352,173	78,632,759
Total Noncurrent Assets	130,229,758	102,261,685
TOTAL ASSETS	176,425,008	141,378,698
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred Loss on Defeasance of Debt	406,461	503,795
Deferred Amount Relating to Pensions	2,577,773	3,403,288
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,984,234	3,907,083

The accompanying Notes to Financial Statements are an integral part of these statements.

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
STATEMENTS OF NET POSITION
DECEMBER 31, 2017 AND 2016

	2017	2016
CURRENT LIABILITIES PAYABLE FROM UNRESTRICTED ASSETS:		
Accounts Payable - Operations	$ 591,795	$ 984,572
Other Payables	400,000	400,000
Accrued Liabilities	59,577	108,866
Accrued Liabilities - Pension	285,244	268,626
Customer Deposits	171,799	217,099
Security Deposits	166,686	
Landfill Taxes Payable	154,822	159,194
Host Community Benefit Payable	42,177	46,466
Unearned Revenue	121,057	91,058
Unearned Grant Revenue		6,509
Total Current Liabilities Payable From Unrestricted Assets	1,993,157	2,282,390
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:		
Contracts Payable - Construction	1,201,960	1,123,973
Contracts Payable - Retainage	87,165	416,385
Revenue Bonds Payable	2,473,908	1,910,000
Loan Payable - NJEIT		10,198,019
Accrued Interest Payable - Revenue Bonds	521,987	483,856
Due to Unrestricted Assets	303,913	4,299,082
License Agreement Escrow	153,020	116,801
Total Current Liabilities Payable From Restricted Assets	4,741,953	18,548,116
LONG-TERM LIABILITIES:		
Revenue Bonds Payable	78,715,860	36,676,206
Loan Payable	7,357,350	1,000,000
Accrued Closure and Postclosure Care Costs	28,779,356	29,349,773
Accrued Liability Pension	142,623	134,313
Net Pension Liability	7,167,623	8,955,483
Net OPEB Obligation	473,031	228,386
Accrued Compensated Absences	134,320	125,067
Total Long-Term Liabilities	122,770,163	76,469,228
Total Liabilities	129,505,273	97,299,734
DEFERRED INFLOWS OF RESOURCES:		
Deferred Amount Relating to Pensions	1,595,314	220,748
Deferred Amount Relating to Arts & Innovation Project	3,784,375	3,784,375
TOTAL DEFERRED INFLOWS OF RESOURCES	5,379,689	4,005,123
NET POSITION:		
Net Investment in Capital Assets	37,338,770	30,591,022
Restricted:		
Operations	1,324,740	1,320,020
Debt Service	1,753,955	1,676,233
Cell Replacement		2,693,740
Equipment Renewal and Replacement	2,197,103	4,364,125
Unrestricted	1,909,712	3,335,784
Total Net Position	$ 44,524,280	$ 43,980,924

The accompanying Notes to Financial Statements are an integral part of these statements.

EXHIBIT B

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
OPERATING REVENUE:		
Landfill Tipping Fees	$ 12,641,411	$ 12,138,819
Rental Income	2,710,152	2,040,076
Project Management Fee	178,709	512,152
Methane Gas Project Revenue	457,962	436,859
Recycle Revenue	256,896	129,425
Project Income - Fleet Maintenance	226,551	163,721
Administrative/Bond Transaction Fee	27,419	
Property Management Fee	30,000	
Lease Income		54,828
Other Operating Income	132,451	98,850
Total Operating Revenue	16,661,551	15,574,730
OPERATING EXPENSES:		
Cost of Providing Services	7,697,385	6,194,404
Administrative and General	3,019,406	2,788,206
Closure and Postclosure Costs	(570,417)	(4,360,998)
Depreciation	4,942,439	4,966,411
Total Operating Expenses	15,088,813	9,588,023
OPERATING INCOME	1,572,738	5,986,707
NON-OPERATING REVENUE (EXPENSES):		
Interest Income	601,162	677,154
Interest Expense	(1,505,557)	(1,399,696)
Pass Through Revenue - Arts & Innovation Project	244,372	4,740,003
Pass Through Expenses - Arts & Innovation Project		(4,984,375)
Net Decrease in Fair Value of Investments	(219,737)	(285,362)
Appropriated to County	(454,172)	(445,000)
Operating Grants	336,425	357,790
Forgivable Loans/Grants	(200,000)	(200,000)
Debt Issue Costs Incurred	(352,754)	(4,505)
Gain on Disposal of Assets	431,620	155,401
Contribution to Host Community/P.I.L.O.T. Program	(10,596)	(9,516)
Other Non-Operating Income	99,855	106,906
Total Non-Operating Revenue (Expenses)	(1,029,382)	(1,291,200)
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	543,356	4,695,507
CAPITAL CONTRIBUTIONS		27,214
CHANGE IN NET POSITION	543,356	4,722,721
NET POSITION-BEGINNING	43,980,924	39,258,203
TOTAL NET POSITION-ENDING	$ 44,524,280	$ 43,980,924

The accompanying Notes to Financial Statements are an integral part of these statements.

EXHIBIT C

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
COMPARATIVE STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers and Users	$ 16,537,434	$ 16,578,481
Cash Payments to Suppliers for Goods and Services	(6,309,241)	(4,271,622)
Cash Payments for Employee Services	(4,325,574)	(3,721,649)
Other Operating Receipts and Payments	36,372	(108,259)
Net Cash Provided by Operating Activities	5,938,991	8,476,951
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Grant Funds Received - Net of Capital Contributions	329,916	364,276
Appropriated to County	(454,172)	(445,000)
P.I.L.O.T. Program-Municipal	(10,596)	(9,516)
Loans Payable	(1,000,000)	
Loans Receivable	230,121	
Other Non-Operating Revenue and Expenses	99,855	106,906
Net Cash Provided (Used) by Non-Capital Financing Activities	(804,876)	16,666
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(30,916,093)	(20,531,648)
Proceeds from Sale of Capital Assets	434,627	
Proceeds from Loan Issue	7,317,846	
Proceeds from Lease Issue	33,935,000	
Premiums Received on the Issuance of Debt	937,160	
Proceeds from NJEIT	3,526,176	6,671,843
Principal Paid on Bonds	(2,169,272)	(1,665,000)
Debt Issue Costs Paid	(352,754)	(4,505)
Bond Insurance Paid	(57,447)	
Interest Paid on Bonds	(1,628,182)	(1,635,766)
Capital Contributions		27,214
Net Cash Provided (Used) by Capital and Related Financing Activities	11,027,061	(17,137,862)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investment Securities	(11,052,126)	(3,748,310)
Proceeds from Sale and Maturities of Investment Securities	9,801,828	5,671,688
Interest Received on Investments	401,130	726,567
Net Cash Provided (Used) by Investing Activities	(849,168)	2,649,945
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	15,312,008	(5,994,300)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	28,388,023	34,382,323
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 43,700,031	$ 28,388,023

(Continued)

The accompanying Notes to Financial Statements are an integral part of these statements.

EXHIBIT C

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
COMPARATIVE STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH AND CASH EQUIVALENTS - STATEMENT OF NET POSITION:		
Cash and Cash Equivalents - Unrestricted	$ 1,038,797	$ 805,750
Accounts Required by Authority's Bond Resolutions/Loan Agreements:		
Cash and Cash Equivalents	31,538,613	22,776,094
Cash Held by Fiscal Agent	7,357,350	
Cash and Cash Equivalents - Other Restricted Accounts	3,765,271	4,806,179
	$ 43,700,031	$ 28,388,023
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income	$ 1,572,738	$ 5,986,707
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	4,942,439	4,966,411
Increase (Decrease) in Cash Resulting From Changes in:		
Customer Accounts Receivable	(53,432)	19,056
Other Receivables	(126,078)	(3,493,821)
Lease Receivable	(59,620)	
Inventories	(219,986)	(22,875)
Prepaid Expenses	25,174	26,977
Deferred Outflows Related to Pensions	825,515	(1,604,053)
Accounts Payable - Operations	(392,593)	(44,351)
Other Payables		400,000
Accrued Liabilities	(49,289)	68,739
Customer & Security Deposits	121,386	82,033
Landfill Taxes Payable	(4,372)	41,392
Host Community Benefit Payable	(4,289)	(40,535)
Unearned Revenue	29,999	43,141
License Agreement Escrow	36,219	10,097
Accrued Liabilities - Pension	24,992	32,886
Accrued Liabilities - OPEB	244,645	228,386
Accrued Compensated Absences	9,253	7,143
Pension Liability	(1,787,860)	2,513,979
Accrued Closure and Postclosure Costs	(570,417)	(4,360,998)
Deferred Inflows Related to Arts & Innovation Project		3,784,375
Deferred Inflows Related to Pensions	1,374,567	(167,738)
Total Adjustments	4,366,253	2,490,244
Net Cash Provided by Operating Activities	$ 5,938,991	$ 8,476,951

The accompanying Notes to Financial Statements are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Cumberland County Improvement Authority is a public body politic and corporate constituting a political subdivision of the State of New Jersey. It was established as an instrumentality exercising public and essential governmental functions under the provisions of the County Improvement Authorities Law, P.L. 1960, C.183 (N.J.S.A. 40:37A-44 et. seq.), as amended and supplemented. The Authority was established December 30, 1980 by resolution of the Board of Chosen Freeholders of the County of Cumberland.

Since its inception, the Authority’s primary responsibility has been to maintain the financial stability and operating efficiencies of the solid waste facility in a deregulated atmosphere while continuing to offer and expand the environmentally beneficial programs to its constituency. The Authority's Solid Waste Complex is the home of the Sanitary Landfill and related solid waste and recycling initiatives. In addition to its primary responsibility of operating the County's Solid Waste Facility, the Authority has become the County's designated economic and redevelopment entity and has undertaken a significant redevelopment portfolio that includes the acquisition, construction, and property management of buildings occupied by state, county and not-for-profit tenants. Other activities include a “Conduit Bond Financing Program", alternative energy projects, and Shared Services Programs including but not limited to, Fleet Maintenance, Facilities Management, Project and Construction Management, Centralized Fueling, Recycling, and real estate transactions on behalf of the County.

As a public body, under existing statute, the Authority is exempt from both federal and state taxes.

Financial Reporting Entity

The Authority is a component unit of the County of Cumberland as it meets the financial accountability criteria for component units set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34*. The financial statements of the County of Cumberland are not presented in accordance with generally accepted accounting principles (GAAP) and do not present the financial statements of its component units in accordance with those GASB Statements. The financial statements of the Authority would be either blended or discretely presented with those of the County reported using generally accepted accounting principles (GAAP) applicable to governmental entities. The Authority does not have any component units for which it is financially accountable.

Basis of Presentation

The accounts of the Authority are an enterprise fund. An enterprise fund is a Proprietary type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises- where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or the change in net position is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

The accompanying financial statements are reported using the “economic resources measurement focus,” and the “accrual basis of accounting.” Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Authority are landfill tipping fees, rental income, project management fees, sale of recyclables and methane gas project revenue. The Authority also recognizes recycling can school program and other recycling program revenues, lease revenues, bond transaction/financing fees, fleet maintenance and property management fees as operating revenue. Operating expenses include cost of providing services, administrative and general expenses, closure and postclosure costs and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority’s policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

The Authority must adopt an annual budget in accordance with N.J.A.C. 5:31-2. The budget must be introduced by the governing body at least 60 days prior to end of the current fiscal year, and adopted no later than the beginning of the Authority’s fiscal year. The budget is adopted on the accrual basis of accounting with provision for cash payments for bond principal. Depreciation and amortization expense are not included as budget appropriations. The Authority may make budget transfers and amendments at any time, which must be approved by resolution of the Authority and by the State of New Jersey Division of Local Government Services if the legal level line items are affected. Detailed line item transfers not affecting the legal level line items may be made by management at any time. There are no statutory provisions that budgetary line items not be over-expended.

Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase. Investments are stated at fair value.

New Jersey governmental units are required by N.J.S.A. 40A:5-14 to adopt a cash management plan and to deposit and/or invest its funds pursuant to that plan.

The governing body of the Authority has adopted a cash management plan (“the plan”) and, as required, approves the plan annually. The plan includes the designation of the public depositories to be utilized by the Authority to deposit public funds.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents and Investments (Continued)

Eligible depositories are defined in section 1 of P.L. 1970, c.236 (C. 17.9-41) and are limited to banks or trust companies having their place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or with the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey governments and their component units.

N.J.S.A. 17:9-41 et. seq., which establishes the requirements for the security of deposits of governmental units, requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA).

GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in the State of New Jersey or state or federally chartered banks, savings banks or associations located in another state with a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least five percent (5%) of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

The cash management plan adopted by the Cumberland County Improvement Authority requires it to deposit funds in public depositories protected from loss under the provisions of GUDPA.

Accounts Receivable

The Authority has provided for doubtful accounts by the allowance method. The allowance for doubtful accounts is based upon management's estimate of potentially uncollectible accounts.

Prepaid Expenses

Prepaid expenses recorded on the financial statements represent payments made to vendors for services that will benefit periods beyond the year end.

Inventory

Inventory is stated at cost determined on a first-in, first-out basis. Inventories of recyclables on hand have no cost basis and therefore are not reflected in the Statements of Net Position.

Capital Assets

Capital assets, which consist of property, plant and equipment are stated at cost, which includes direct construction costs and other expenditures related to construction.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Capital assets are defined by the Authority as assets with an initial individual cost of $5,000 or more and an estimated useful life in excess of one year.

Construction in progress is stated at cost, which includes interest expense incurred during construction. The Authority reduces the capitalized project costs by the amount of interest earned from the investment of excess funds, which has the effect of reducing the cost of borrowing. Construction costs are charged to construction in progress until such time as the facility is put into operation.

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets for all plant and equipment with the exception of landfill cells, which are being depreciated based upon the percentage of waste landfilled to the total projected capacity of the cell. Depreciation is provided over the following useful lives:

Buildings and Improvements	20-50 Years
Improvements Other Than Buildings:	
Infrastructure	20 Years
Landfill Cells	(See above)
Machinery and Equipment	3, 5 and 10 Years
Office Furniture and Equipment	10 Years

Bond Premiums and Discounts

Bond premiums and discounts are deferred and amortized over the life of the bonds using the interest method. Bonds payable are reported net of the applicable bond premium or discount.

Deferred Outflows and Deferred Inflows of Resources

The Statements of Net Position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after Total Assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after Total Liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards.

The Authority reports the following as deferred outflows of resources:

Defined Benefit Pension Plans – The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the Authority's proportion of expenses and liabilities to the pension as a whole, differences between the Authority's pension contribution and its proportionate share of contributions, and the Authority's pension contributions subsequent to the pension valuation measurement date.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Deferred Inflows of Resources (Continued)

Deferred Loss on Defeasance of Debt – The deferred loss on defeasance of debt is recorded as a deferred outflow of resources. It is amortized over the shorter of the remaining life of the old debt or new debt based upon the interest method as a component of interest expense.

The Authority reports the following as deferred inflows of resources:

Defined Benefit Pension Plans – The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the Authority's proportion of expenses and liabilities to the pension as a whole, differences between the Authority's pension contribution and its proportionate share of contributions, and the Authority's pension contributions subsequent to the pension valuation measurement date.

The Authority also reports the deferred amount relating to the Arts & Innovation Project as deferred inflows of resources.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System ("PERS") and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other than Pensions

In 2013 the Authority implemented Governmental Accounting Standards Board (GASB) Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions.* In September 2016, the Authority switched from the State Health Benefits Program (SHBP) to a self-insured plan.

The Authority records its other postemployment benefits cost (expense) based on the actuarially determined amount. Required financial statement disclosures are included in Note 5.

Conduit Debt Obligations

The Authority has issued certain debt bearing its name to lower the cost of borrowing for specific governmental third parties. This debt is commonly referred to as conduit or non-commitment debt. The underlying Lease or Loan Agreements, which serve as collateral for the promise of payments by the third parties, call for payments that are equal to those required by the debt. These payments are made by the third party directly to an independent trustee who is appointed to service and administer the arrangement.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conduit Debt Obligations (Continued)

The Authority assumes no responsibility for repayment of this debt beyond the resources provided by the underlying Lease or Loan Agreements which is payable from the third party's revenues, but which is also a general obligation of the third party payable ultimately from the levy of *ad valorem* taxes on all real property in the third party's jurisdiction. As of December 31, 2017 there were three Series of Conduit Bonds outstanding in the aggregate principal amount of $118,465,000, which are treated strictly as conduit debt obligations under Interpretation No. 2 of the Governmental Accounting Standards Board and are therefore not included in the financial statements.

Net Position

In accordance with the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis –for State and Local Governments*, the Authority has classified its net position into three components. These classifications are defined as follows:

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced, by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component as the unspent amount.

Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets. This component includes net position that may be designated for specific purposes by the Board.

Grants

Contributions received from various sources as grants are recorded in the period earned. Developer financed construction is recorded in the period in which applicable construction costs are incurred. Donated assets are recorded at fair market value at the date of the gift. Grants not externally restricted and utilized to finance operations are identified as non-operating revenue.

Grants externally restricted for non-operating purposes are recorded as capital contributions.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. The estimates and assumptions affect the amounts reported in the financial statements. The actual results may differ from these estimates.

Income Taxes

The Authority is exempt from income taxes pursuant to Internal Revenue Code Section 115.

Subsequent Events

Management has evaluated subsequent events through June 19, 2018, the date the financial statements were available for issue.

Reclassifications

Certain prior year financial statement information has been reclassified to conform to the current year presentation. These reclassifications have no effect on the prior year net position or change in net position.

Adoption of Accounting Pronouncements

For the year ended December 31, 2017, the Authority adopted GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (GASB 74). The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. GASB 74 will became effective for periods beginning after June 15, 2016. The adoption of GASB 74 does not directly apply to the Authority's financial reporting activity and therefore, has no material impact on the current year's financial statements. However, upon the adoption of GASB 75 in 2018, we expect the combination of GASB 74 and GASB 75 to have a material impact on the Authority's financial statements (See GASB 75 in the Recent Accounting Pronouncements Not Yet Effective section below).

For the year ended December 31, 2017, the Authority adopted GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14* (GASB 80). This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. GASB 80 became effective for periods beginning after June 15, 2016. Since the Authority currently has no component units that fall within the scope of GASB 80, the adoption of GASB 80 does not have a material impact on the Authority's financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of Accounting Pronouncements (Continued)

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements* (GASB 81). This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. GASB 81 became effective for periods beginning after December 15, 2016. Since the Authority currently has no irrevocable split interest agreements, as defined by GASB 81, the adoption of GASB 81 does not have a material impact on the Authority's financial statements.

In March 2016, the GASB issued Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73* (GASB 82). This Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

The requirements of GASB 82 became effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 became effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. While GASB 82 does not directly materially affect the Authority's financial statements, it impacts GASB 68 which did have a material impact on the Authority's financial statements.

Recent Accounting Pronouncements Not Yet Effective

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). This Statement addresses accounting and financial reporting for other postemployment benefits (OPEB) that are provided to the employees of state and local governmental employers. GASB 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to OPEB in the basic financial statements, in addition to requiring more extensive note disclosures and required supplementary information. GASB 75 will be effective for periods beginning after June 15, 2017. Management is currently evaluating the impact of the adoption of this Statement on the Authority's financial statements and expects the impact to be material.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements Not Yet Effective (Continued)

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations* (GASB 83). This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. GASB 83 will be effective for periods beginning after June 15, 2018. Management is currently evaluating the impact of the adoption of this Statement on the Authority's financial statements although no impact is expected.

In January 2017, the GASB issued Statement No. 84*, Fiduciary Activities* (GASB 84). This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. GASB 84 will be effective for periods beginning after December 15, 2018. Management is currently evaluating the impact of the adoption of this Statement on the Authority's financial statements although no impact is expected.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017* (GASB 85). The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). GASB 85 will be effective for periods beginning after June 15, 2017. Management is currently evaluating the impact of the adoption of this Statement on the Authority's financial statements although no impact is expected.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues* (GASB 86). The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Management is currently evaluating the impact of the adoption of this Statement on the Authority's financial statements and no material impact on the Authority's previously defeased debt is expected, however, it will have a material change on how the Authority records any potential future defeasances.

In June 2017, the GASB issued Statement No. 87, *Leases* (GASB 87). The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements Not Yet Effective (Continued)

recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is currently evaluating the impact of the adoption of this Statement on the Authority's financial statements and a material impact is expected.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

In accordance with the Authority's Solid Waste System Revenue Bond Resolution, as supplemented by the Series 2006 Solid Waste System Revenue Bond Resolution, and the Series 2015A County Guaranteed Solid Waste Revenue Refunding Bond Resolution, the Authority has established the following cash and investment accounts for the deposit of all revenues received by the Authority for the Solid Waste Facility:

Construction Fund - Proceeds from any source for payment of costs related to the construction, acquisition or restoration of any System Component, including grants, loans, proceeds derived from the issuance of bonds and insurance proceeds. Payments of costs related to the construction or acquisition of the Facilities Project.

Gross Revenue Fund - Transfers to the Closure/Post Closure Funds, and the Authority Revenue Fund.

Authority Revenue Fund - Balance of funds remaining in the Gross Revenue Fund after the applicable transfers have been made from that fund. Transfers to the Operating Fund, principal and interest accounts in the Bond Service Fund, Bond Reserve fund, if necessary, transfers to pay amounts due to the County pursuant to the County guarantee, if any, transfers to Renewal and Replacement Accounts, the General Fund and the Rebate Fund.

Operating Fund - Amounts necessary to meet the Operating Fund Requirement. Amounts required for operating expenses.

Bond Service Fund Account - The portion of each principal installment that would accrue during such period if each installment were deemed to accrue daily in equal amounts from the preceding installment due date.

Bond Service Fund Capitalized Interest Account - Proceeds of the Series 2006 Bonds as determined by an authorized officer of the Authority. Payment of interest on the bonds during the construction period.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Bond Reserve Fund - An amount equal to the maximum annual principal and interest payable during the current or any subsequent fiscal year on the bonds, not to exceed 10% of the proceeds of any bonds issued under the resolution. Payment of debt service on the Series 2006 Bonds or amounts needed to bring the Bond Service Accounts up to the Bond Service Requirement.

General Renewal - An amount, if any, needed to equal the system reserve requirement. Transfers to Bond Reserve Fund, if needed, to satisfy the Bond Reserve Requirement and/or reasonable and necessary expenses with respect to Systems Components for major repairs, renewals, replacements or maintenance items of a type not recurring annually or at shorter intervals.

Landfill Cell Replacement Account - Amounts as to be determined by the Authority. Subsequent phase (landfill cell) development.

Equipment Renewal and Replacement Account - Amounts to be determined by the Authority. Replacement of operating equipment.

General Fund - The amount remaining after all required transfers have been made.

Rebate Fund - An amount required to meet the Authority's rebate obligation. Rebates of arbitrage earnings to the United States Government.

In accordance with the Authority's 2014 County Guaranteed Facilities Acquisition Revenue Bond Resolution, the Authority has established the following cash and investment accounts for the deposit of all related revenue:

Construction Fund - Monies from any source for payment of costs related to the construction, acquisition, or restoration of the Facilities Project, including any monies received from the proceeds of insurance, and condemnation awards that are applied to the Facilities Project. Costs related to the construction or acquisition of the Facilities Project.

Revenue Fund - All amounts received by the Authority as rent by any tenant of the facilities pursuant to any lease; payments by County pursuant to County Guaranty; and any amounts received as security for the payment of a particular series of bonds. Insurance proceeds in excess of condemnation award that are not applied to the repair or replacement of the Facilities Project. Transfers to Debt Service Fund to satisfy the Bond Service Requirement.

Debt Service - The portion of each principal and interest installment to meet the Debt Service Requirement. Payment of principal and interest due on the bonds; payment of a particular series of bonds.

Sinking Fund - An amount equal to one-tenth (1/10) of the amount due and payable on or before the next succeeding twelve-month period. Sinking Fund Installments which are due and payable.

Rebate Fund - An amount required to meet the Authority's rebate obligation. Rebates of arbitrage earnings to the United States Government.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

General Fund - The amount remaining after all required transfers have been made.

General Fund Cost of Issuance – The amount to pay the costs and expenses which are incurred in connection with the Bonds. Costs and expenses relative to the issuance of the Bonds.

Operating Fund - Amounts necessary to meet the Operating Fund Requirement. Amounts required for operating expenses.

In accordance with the Authority's 2015 Lease Revenue Bonds – State Office Buildings Project (Series 2015), the Authority has established the following cash and investment accounts for the deposit of all related revenue:

Construction Fund - Monies from any source for payment of costs related to the construction, acquisition or restoration of the Facilities Project, including any monies received from the proceeds of insurance, and condemnation awards that are applied to the Facilities Project. Costs related to the construction or acquisition of the Facilities Project.

Debt Service Requirement - The portion of each principal and interest installment to meet the Debt Service. Payment of principal and interest due on the bonds; payment of a particular series of Bonds.

Rebate Fund - An amount required to meet the Authority's rebate obligation. Rebates of arbitrage earnings to the United States Government.

General Fund - The amount remaining after all required transfers have been made.

In accordance with the Authority's 2017 Lease Revenue Bonds – City General Obligation Lease Revenue Bonds (Vineland Public Safety Building Project, Series 2017), the Authority has established the following cash and investment accounts for the deposit of all related revenue:

Acquisition Fund – Proceeds from the Series 2017 Bonds and certain other sources to be used for payment of costs related to the construction, acquisition of the Facilities Project, To the extent not otherwise utilized, moneys shall be transferred to the Debt Service Fund.

Revenue Fund - All amounts received by the Authority as lease payments pursuant to the lease agreement with the City of Vineland; certain other payments by the City pursuant to the lease agreement or Trust Indenture. Transfers to Debt Service Fund to satisfy the Bond Service Requirement.

Debt Service - The portion of each principal and interest installment to meet the Debt Service Requirement. Payment of principal and interest due on the bonds; payment of a particular series of bonds.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Debt Service Capitalized Interest – A portion of the proceeds of the Series 2017 Bonds in an amount to equal the Capitalized Interest on the Bonds. Payment of Capitalized Interest on the Series 2017 Bonds.

Operating Fund – Proceeds of the Series 2017 Bonds and any City of Vineland moneys, as may be the case, representing costs of issuance, the initial Authority Financing Fee and Authority Administrative Expenses as defined.

Proceeds Fund – Revenues paid pursuant to the Lease Agreement and not necessary to complete the Construction Project or any Additional Projects shall be transferred from the Acquisition Fund to the Proceeds fund and applied as a credit toward the City's Lease Payment obligations.

Debt Retirement Fund – Subject to certain limitations, if on any Lease Payment the amount on deposit in the Debt Service Fund is less than the amount required to be in such fund, funds shall be transferred from the Debt Retirement Fund to the Debt Service Fund. If funds are available in the Debt Retirement Fund that are not required to make up any deficit in the Debt Service Fund, the amounts shall be applied to the purchase or redemption of the applicable series of Bonds.

Rebate Fund - An amount required to meet the Authority's rebate obligation. Rebates of arbitrage earnings to the United States Government.

In addition to the accounts required by the Bond Resolutions, the Authority has also established the following restricted accounts:

Taxes Account - An account in which the State of New Jersey mandated Sanitary Landfill Taxes and Host Community Benefit Tax are deposited and remitted to the proper authorities.

Closure and Postclosure Escrow Funds - Accounts in which a mandatory portion of the Tipping Fee is deposited per the New Jersey Department of Environmental Protection (NJDEP) requirements. May only be used for expenses with respect to the proper closure and post-closure of the landfill.

Self-Insurance Fund - The Authority maintains a self-insurance fund to cover deductibles and for general liability co-insurance requirements.

Renewable Energy Project Account – An account used solely for the purpose of developing renewable energy projects in Cumberland County as approved by the Authority.

Development Account – An account established for the purpose of enabling the Authority to act as a vehicle for economic development within the County.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

COMPLIANCE WITH THE RATE COVENANT CONTAINED IN THE AUTHORITY'S SOLID WASTE BOND RESOLUTION

Section 712 (2) of the Authority's Solid Waste Bond Resolution requires the Authority to estimate, compute, make and charge rates so that Authority Revenues, as defined in the Resolution, shall at least equal 110% of Bond Service, plus the amount needed, if any, for the Operating Fund to equal the Operating Fund Requirement; the Bond Reserve Fund to equal the Bond Reserve Requirement; the Renewal and Replacement Fund to equal the System Reserve Requirement; to provide the amount which is payable during the Fiscal Year to amortize any future closure costs; to provide for payment of all other charges related to the System which are payable out of such charges; to provide for any amounts required to be paid during the Fiscal Year pursuant to any Authority Agreement; to provide for payment of any additional amounts which are necessary to comply with the provisions of the Resolution and all other statutory and legal obligations of the Authority relating to the operation of the System or in the provision of Disposal Services.

Revenues are defined in the Authority's Bond Resolution to be "any funds, other than funds which have been borrowed by the Authority, which the Authority deposits in the Revenue Fund, regardless of the source thereof." For the years 2017 and 2016, Revenues as defined were sufficient to meet the rate covenant contained in Section 712 (2) of the Authority's Bond Resolution.

AMOUNTS REQUIRED BY BOND RESOLUTIONS

The following cash and investment accounts are required by the Authority's Solid Waste Bond Resolutions:

	Series 2006 Operating Fund	Series 2006 Bond Reserve Fund	Series 2015A Debt Service Fund
Required Amount	$ 1,324,740	$ 1,959,675	$ 322,625
Cash and Investments	406,938	1,961,652	344,163
Surplus (Deficit)	$ (917,802) *	$ 1,977	$ 21,538

*Deficit is the result of timing differences – additions were made to the Operating Fund in January 2018.

The following cash and investment accounts are required by the Lease Revenue Bond Resolutions:

	Series 2014 Debt Service Fund	Series 2015 Debt Service Fund
Required Amount	$ 323,333	$ 95,278
Cash and Investments	423,286	85,060
Surplus (Deficit)	$ 99,953	$ (10,218) *

*Deficit is the result of timing differences – additions were made to the 2015 Debt Service Fund in January 2018.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

ARBITRAGE RULES

The Authority is subject to certain arbitrage rules added to the Internal Revenue Code in 1969 and amended by TEFRA in 1992 and by the 1986 TRA. Under these rules, interest earnings on certain investments of proceeds of the Authority’s bonds are subject to the limitations imposed by the arbitrage provisions of the Internal Revenue Code. The Authority is required to rebate certain arbitrage profits on non-purpose investments at least once every five years. At December 31, 2017 and 2016, no material arbitrage profits were subject to rebate.

NOTE 3 DETAIL NOTES - ASSETS

CASH AND CASH EQUIVALENTS

At December 31, 2017 the carrying amount and bank balance of the Authority's time and demand deposits were $4,066,852 and $4,653,115, respectively. All of the time and demand deposits were covered by either federal deposit insurance or by the Governmental Unit Deposit Protection Act (GUDPA).

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Authority’s deposits may not be returned to it. Although the Authority does not have a formal policy regarding custodial credit risk, as described in Note 1, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act.

Under the Act, the first $250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). The Authority’s public funds in excess of the FDIC insured amounts are protected by GUDPA. As of December 31, 2017, $250,000 of the Authority’s bank balance of $4,653,115, was insured and $4,403,115 was uninsured and collateralized.

In addition to the bank deposits described above, the Authority also had $627,195 invested in a government money market fund which is not covered by federal deposit insurance or by GUDPA, but which invests exclusively in general obligations issued by the U.S. Government and backed by its full faith and credit and which carries a credit rating of AAA.

At December 31, 2017 the Authority had $31,648,634 invested in the New Jersey Cash Management Fund (“the Fund”) which is not covered by either federal deposit insurance or by GUDPA. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above.

At December 31, 2017 the Authority also reported $7,357,350 Cash Held by Fiscal Agent which consists of proceeds from a term loan with a banking institution dated December 29, 2017 that were not received by the Authority by December 31, 2017.

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

INVESTMENTS

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name. All of the Authority's $20,292,940 investments in U.S. Treasury obligations and agencies and other governmental agencies are held in the name of the counterparty not in the name of the Authority.

Interest Rate Risk- Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. N.J.S.A. 40A:5-15.1 limits the investments that the Authority may purchase in order to limit the exposure of governmental units to credit risk. The Authority's Cash Management Plan also limits its investment choices to those permitted by N.J.S.A. 40A:5-15.1.

Concentration of Credit Risk – The Authority does not place a limit on the amount that may be invested in any one issuer. All of the Authority's investments are government bonds held in various Federal Agencies, NJ State Agencies, NJ Counties or School Districts.

As of December 31, 2017, the Authority had the following investments and maturities:

Quality/Rating	Total Fair Value
Treasury/Agency	$ 6,259,383
AAA	11,265,952
AA	367,605
Other	2,400,000
Total Investments	$ 20,292,940

	Investment Maturities (in Years)		
Total	Less than 1	1-5	6-10
$ 20,292,940	$ -	$ 16,487,515	$ 3,805,425

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

INVESTMENTS (CONTINUED)

As of December 31, 2016, the Authority had the following investments and maturities:

Quality/Rating	Total Fair Value
Treasury/Agency	$ 16,819,008
AAA	1,575,435
AA	648,199
Total Investments	$ 19,042,642

	Investment Maturities (in Years)		
Total	Less than 1	1-5	6-10
$ 19,042,642	$ 1,152,486	$ 11,104,330	$ 6,785,826

GRANT FUNDS RECEIVABLE AND UNEARNED GRANT REVENUE

The amounts reflected in Exhibit A as grant funds receivable and unearned grant revenue consist of the following grants:

Name of Grant	Receivable (Unearned Revenue) Jan. 1, 2017	Earned/ Expended 2017	Received 2017	Receivable (Unearned Revenue) Dec. 31, 2017
NJDEP:				
Recycling Grants:				
REA Tax Entitlement Grant				
2015	$ (6,509)	$ 6,509	$ -	$ -
2016	-	143,320	143,320	-
Clean Communities (Passed through the County of Cumberland)				
2017	-	181,596	181,596	-
TD Bank Sponsorship Grant		5,000	5,000	-
	$ (6,509)	$ 336,425	$ 329,916	$ -

LOANS RECEIVABLE

In July 2007, the Authority entered into a forgivable loan/grant agreement in the amount of $1,000,000 with the City of Vineland to complete the construction of the Community School Project. The loan/grant bears interest at a rate of 3% per annum on the unpaid principal balance. The principal amount shall be treated as a forgivable loan in ten annual principal reductions of $100,000 each beginning in 2008 and ending in 2017. The balance at December 31, 2017 and 2016 is $0 and $100,000, respectively, as the City of Vineland loan matured in 2017.

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

LOANS RECEIVABLE (CONTINUED)

In January 2010, the Authority entered into a forgivable loan/grant agreement in the amount of $1,000,000 with the City of Millville to complete the infrastructure improvements to the Levoy Theater Redevelopment Project. The loan/grant bears interest at a rate of 3% per annum on the unpaid principal balance. The principal amount shall be treated as a forgivable loan in ten annual principal reductions of $100,000 each beginning in 2011 and ending in 2020. The balance at December 31, 2017 and 2016 is $300,000 and $400,000, respectively. The current portion of the receivable at December 31, 2017 is $100,000.

In April 2014, the Authority entered into a loan agreement with the City of Bridgeton in the amount of $300,000 for the purpose of acquiring single stream recycling containers. No interest will be charged on the outstanding principal balance for the term of the loan. Principal payments in the amount of $60,000 will be made in five annual payments beginning on June 1, 2015 and ending on June 1, 2019. The balance at December 31, 2017 and 2016 is $120,000 and $180,000, respectively. The current portion of the receivable at December 31, 2017 is $60,000.

In November of 2016, the Authority entered into a loan agreement in the amount of $200,000 with the Holly City Development Corporation (HCDC) for the development and gap financing for a grant approved by the NJ Department of Community Affairs since the HCDC must first expend the funds, and then be reimbursed by the grant. An interest rate of 1% will be charged on the outstanding principal balance and is due at the end of the loan. The maturity date is June 1, 2018. The balance at December 31, 2017 is $100,000. The current portion of the receivable at December 31, 2017 is $100,000.

In November 2015, the Authority entered into a loan agreement in the amount of $213,323 with the Cumberland County Office of Employment and Training (OET) for the furniture purchases for the Center for Workforce and Economic Development facility. No interest will be charged on the outstanding principal balance for the term of the loan. An initial principal payment of $100,000 was made in August 2015 with the remaining balance of $113,323 paid in monthly payments of approximately $4,707 per month ending on June 1, 2017. The balance at December 31, 2017 and 2016 is $0 and $28,240, respectively, as the OET paid off the loan in 2017.

In May 2016, the Authority entered into a loan agreement in the amount of $521,556 with the Township of Deerfield for the purchase of a special emergency and fire rescue vehicle. The loan bears interest at a rate of 0.25% per annum on the unpaid principal balance. Principal payments in the amount of $52,876 will be made in ten annual payments beginning on July 1, 2017 and ending July 1, 2026. The balance at December 31, 2017 and 2016 is $469,984 and $521,556 respectively. The current portion of the receivable at December 31, 2017 is $51,573.

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

LOANS RECEIVABLE (CONTINUED)

In 2015, the Authority adopted several resolutions with respect to the Arts & Innovation Center to be used by the Cumberland County College for its Arts & Business Innovation Campus (Project) including resolutions 1) authorizing the acquisition of the Project, 2) approving contracts with the architect to design the Project and with the general contractors to construct the Project, 3) approving entering into a Development Agreement with the Millville Urban Redevelopment Corporation (MURC). In 2016 it was determined it would be beneficial for the Project to be financed through utilizing the federal New Markets Tax Credit (NMTC). As a result, in April 2016 the Authority adopted a resolution making findings and determinations with respect to the authorization of various transactions related to the ownership, development, construction, financing and management of the Arts and Innovation Center Project and to the execution and delivery of various agreements by the Authority in connection therewith. This resolution defined the Authority's role in the transaction to be that of a Leveraged Lender authorizing the Authority to make a leveraged loan in an amount equal to $4,784,375 to Millville Arts Center Investment Fund, LLC. The Leveraged Loan was made on May 19, 2016 and is evidenced by a Loan Agreement and a Promissory Note. Terms of the Loan call for interest only payments to be made to the Authority for the first seven (7) years of the loan at an interest rate of 75/100 of One Percent (0.75%).

Beginning in the year 2023, through the year 2036, the balance of principal and interest shall amortize on a basis of a fifty-two (52) year schedule. Beginning in 2037, the principal and interest shall amortize on the basis of a twenty (20) year schedule through the maturity date of May 18, 2056.

The leveraged loan was funded from the following sources - proceeds in the amount of $3,200,000 from the issuance of taxable Chapter 12 Bonds by the County of Cumberland for the benefit of the College; proceeds of a loan from the Cumberland Empowerment Zone Corporation (CEZC) in the principal amount of $1,000,000; a New Jersey Department of Community Affairs grant in the amount of $540,003 passed through the Holly City Development Corporation; and the Authority made a capital contribution towards the Project in the amount of $200,000 as well as an additional amount advanced in the amount $44,372. The balance of the leveraged loan receivable as of December 31, 2017 is $4,784,375, all of which is non-current.

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT

Capital asset activity for the year ended December 31, 2017 was as follows:

	Balance Jan. 1, 2017	Additions	Reductions	Balance Dec. 31, 2017
Non-Depreciable Capital Assets:				
Land	$ 2,029,604	$ 3,350,068	$ -	$ 5,379,672
Construction In Progress	21,282,342	26,862,338	38,610,061	9,534,619
Total Non-Depreciable Capital Assets	23,311,946	30,212,406	38,610,061	14,914,291
Depreciable Capital Assets:				
Building and Related Improvements	53,205,907	11,919,293		65,125,200
Improvements Other than Buildings	53,668,980	24,169,846		77,838,826
Machinery And Equipment	14,153,563	2,973,374	1,489,088	15,637,849
Office Equipment	681,336		3,923	677,413
Total Depreciable Capital Assets	121,709,786	39,062,513	1,493,011	159,279,288
Less Accumulated Depreciation:				
Building and Related Improvements	16,526,419	2,390,418		18,916,837
Improvements Other than Buildings	40,655,663	1,054,360		41,710,023
Machinery And Equipment	8,599,051	1,477,133	1,489,088	8,587,096
Office Equipment	607,840	20,528	918	627,450
Less Accumulated Depreciation	66,388,973	4,942,439	1,490,006	69,841,406
Net Depreciable Capital Assets	55,320,813	34,120,074	3,005	89,437,882
Total Capital Assets, Net	$78,632,759	$ 64,332,480	$ 38,613,066	$104,352,173

Depreciation expense for the years ended December 31, 2017 and 2016 was charged to:

	2017	2016
Solid Waste Operations	$ 3,316,914	$ 3,651,908
Other Operations	1,625,525	1,314,503
	$ 4,942,439	$ 4,966,411

NOTE 4 DETAIL NOTES – LIABILITIES

LONG-TERM LIABILITIES

Bonds Payable

In August 2006, the Authority issued its Solid Waste System Revenue Bonds (Series 2006), in the principal amount of $24,485,000. The 2006 Bonds are guaranteed by the County of Cumberland, and were issued to provide for the financing of certain capital improvements, to fund, if necessary, the Bond Reserve Fund to ensure that the amount on deposit after the issuance of the Series 2006 Bonds equals the Bond Reserve Requirement, to pay capitalized interest on the 2006 Bonds, and to pay the costs and expenses associated with the issuance of the 2006 Bonds.

The 2006 Bonds maturing on and after January 1, 2018, in the amount of $14,930,000 were defeased with the issuance of the 2015A County Guaranteed Solid Waste Revenue Refunding Bonds.

The final maturity of the Series 2006 Bonds in the amount of $1,270,000 was paid in 2017 leaving a balance of $0 at December 31, 2017.

In June 2015, the Authority issued its 2015A County Guaranteed Solid Waste Revenue Refunding Bonds (Series 2015A), in the principal amount of $14,595,000. The proceeds derived from the issuance and sale of the Bonds are being used to advance refund the callable portion of the Authority's 2006 Revenue Bonds (Series 2006) dated August 3, 2006 then outstanding in the aggregate principal amount $14,930,000. A portion of the proceeds of the 2015A Bonds were deposited in an irrevocable escrow fund established with the trustee for the 2006 bonds, to defease the 2006 bonds which were defeased in 2017.

The 2015A Bonds maturing on and after January 1, 2018, are subject to redemption prior to maturity at the option of the Authority, as a whole at any time or in part from time to time, on January 1, 2017, and on any date thereafter and, if in part, in such order of maturities and in such principal amount within any maturity as shall be determined by the Authority and within any maturity by lot, at a redemption price equal to 100% of the principal amount of 2015A Bonds to be redeemed, together with accrued interest to the date fixed for redemption.

The outstanding balance of the Series 2015A Bonds at December 31, 2017 consists of serial and term bonds that mature in various amounts ranging from $1,335,000 in 2018 to $1,930,000 in 2026 with interest rates ranging from 3.00% to 5.00%. The outstanding balance of the Series 2015A Bonds at December 31, 2017 is $14,595,000.

In May 2014, the Authority issued its Lease Revenue Bonds - Board of Social Services/Employment and Training Facilities Project (Series 2014), in the principal amount of $17,955,000. The 2014 Bonds are guaranteed by the County of Cumberland, and were issued to provide for the financing of the acquisition and renovation of an existing facility which a portion will be initially leased to Cumberland County Board of Social Services (BOSS) and to finance the construction of a new facility which a portion will be initially leased to the County for use by County Office of Employment and Training, capitalized interest on Series 2014 Bonds, and costs and expenses incurred by the Authority and County in connection with the issuance and delivery of the 2014 Bonds.

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

LONG-TERM LIABILITIES (CONTINUED)

Bonds Payable (Continued)

The 2014 Bonds maturing on and after May 1, 2025, are subject to redemption prior to maturity at the option of the Authority, upon written consent of the County, as a whole at any time or in part from time to time, on May 1, 2024, and on any date thereafter and, if in part, in such order of maturities and in such principal amount within any maturity as shall be determined by the Authority and within any maturity by lot, at a redemption price equal to 100% of the principal amount of 2014 Bonds to be redeemed, together with interest accrued to the redemption date.

The outstanding balance of the Series 2014 Bonds at December 31, 2017 consists of serial and term bonds that mature in various amounts ranging from $485,000 in 2018 to $1,110,000 in 2039 with interest rates ranging from 3.00% to 5.00%. The outstanding balance of the Series 2014 Bonds at December 31, 2017 and 2016 is $16,810,000 and $17,280,000, respectively.

In July 2015, the Authority issued its 2015 Lease Revenue Bonds – State Office Buildings Project (Series 2015), in the principal amount of $3,975,000. The 2015 Bonds were issued to finance the renovation of a portion of an existing facility located at 275 N. Delsea Drive, Vineland, NJ to be utilized though a lease with the State Department of Treasury for State purposes by agencies of State government as may be determined by the State (DCF Facility) and the construction of a new facility to be located at property currently owned by the Authority at 9 West Park Avenue, Vineland, NJ, to be utilized for State purposes with the Treasury Department, by the Transportation, Motor Vehicles Commission or other State agency (MVC Facility), and costs and expenses incurred by the Authority in connection with the issuance and delivery of the Series 2015 Bonds.

The 2015 Bonds maturing on and after June 15, 2026, are subject to redemption prior to maturity at the option of the Authority, as a whole at any time or in part from time to time, on June 15, 2025, and on any date thereafter and, if in part, in such order of maturities and in such principal amount within any maturity as shall be determined by the Authority and within any maturity by lot, at a redemption price equal to 100% of the principal amount of 2015A Bonds to be redeemed, together with accrued interest to the date fixed for redemption.

The outstanding balance of the Series 2015 Bonds at December 31, 2017 consists of serial bonds that mature in various amounts ranging from $175,000 in 2018 to $395,000 in 2030 with an interest rate of 3.690%. The outstanding balance of the Series 2015 Bonds at December 31, 2017 and 2016 is $3,710,000 and $3,880,000, respectively.

In May 2017, the Authority issued indebtedness in connection with a financing involving the New Jersey Environmental Infrastructure Trust to finance a solid waste project (the “Series 2017A NJEIT Bonds” and the “Series 2017B NJEIT Bonds”). The Authority’s Series 2017A NJEIT Bonds were issued in the principal amount of $2,510,000, with interest rates ranging from 3.00% to 5.00% and serial maturities ranging from $90,000 in 2018 to $175,000 in 2036. The Series 2017B NJEIT Bonds were issued in the principal amount of $7,648,515 at zero interest with an initial principal payment of $259,272 in 2017 and annual principal payments in the amount of $388,908 from 2018 through 2036. As of December 31, 2017, $2,510,000 principal amount of the Series 2017A NJEIT Bonds remained outstanding and $7,389,243 principal amount of the Series 2017B NJEIT Bonds remained outstanding.

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

LONG-TERM LIABILITIES (CONTINUED)

Bonds Payable (Continued)

In October 2017, the Authority issued Revenue Bonds (Office Building Acquisition Project), Series 2017 (Federally Taxable) in the principal amount of $12,000,000 at an interest rate of 4.950%. The proceeds from the sale of the Bond, by and between the Authority and Capital Bank of New Jersey, as purchaser and paying agent, have been used to finance the acquisition of an existing industrial/office complex located at 51-71 West Park Avenue which is comprised of (a) a 32,000 square foot office building, (b) a 30,000 square foot maintenance facility, and (c) a 270,000 square foot warehouse/distribution center. The bond is a first priority mortgage pursuant to which the Authority has assigned, subject to certain reserved rights, its interest under the Lease agreements. Annual principal maturities range from $232,000 in 2019 to $912,000 in 2042. As of December 31, 2017, the outstanding balance is $12,000,000.

In December 2017, the Authority issued its City General Obligation Lease Revenue Bonds (Vineland Public Safety Building Project), Series 2017, in the initial aggregate principal amount of $21,935,000 (the “Series 2017 Vineland Public Safety Building Bonds”), to provide funds which will be used to finance the acquisition of certain real property in the City of Vineland, County of Cumberland, New Jersey (the “City”) on behalf of the City, which, together with certain real property currently owned by the City, will comprise the Project Site for the development and construction of an approximately 53,000 square foot public safety facility on the project site and the costs of equipping the Facility. The Bonds bear interest at 3.25% to 5.00%. Principal maturities range from $640,000 in 2021 to $1,410,000 in 2042. As of December 31, 2017, the outstanding balance is $21,935,000.

Loans Payable

In May 2016 the Authority adopted a resolution authorizing the issuance and sale of its County Guaranteed Subordinate Project Notes, Series 2016 in the principal amount of up to $10,300,000 to temporarily finance a capital improvement project, which was to be permanently funded by the New Jersey Environmental Infrastructure Trust (Trust) 2017 Financing Program. On May 25, 2017 this Loan was permanently financed through the NJEIT through the issuance of $10,158,515 in Bonds together with a premium in the amount of $159,386.

On March 31, 2016 the Authority entered into a loan agreement with the Cumberland Empowerment Zone Corporation (CEZC) and borrowed $1,000,000 to be used as part of the Leveraged Loan made by the Authority in connection with the Arts & Innovation Project. The term of the Loan was seven (7) years to mature on July 1, 2023 at an interest rate of 4%. The balance of the Loan as of December 31, 2017 and 2016 is $0 and $1,000,000 respectively as the Authority prepaid the loan in 2017 without penalty.

In December 2017, the Authority (“Borrower”) secured a term loan with TD Bank, N.A. (“Lender”) in the amount of $7,357,350 at a fixed interest rate of 3.86%. The loan is secured by property located at E. Broad to Willow Streets, City of Bridgeton, Cumberland County, New Jersey to be used to fund a loan from the Borrower to the Investment Fund in connection with the NMTC Transaction and to pay costs and expenses incident to closing the Loan. Principal payments commence in February of 2019. As of December 31, 2017, the entire principal amount of $7,357,350 remained outstanding.

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

LONG-TERM LIABILITIES (CONTINUED)

Accrued Closure and Postclosure Care Costs

State and federal laws and regulations require the Authority to place a final cover on its Deerfield Township landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, the Authority reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each statement of net position date.

The $28,779,356 reported as accrued closure and postclosure care costs at December 31, 2017 represents the cumulative amount reported to date based on the use of approximately 56.36% of the estimated capacity of the landfill.

The Authority will recognize the remaining $22,279,944 of the total estimated cost of closure and postclosure care of $51,059,300 as the remaining estimated capacity is filled.

These amounts are based on what it would cost to perform all closure and postclosure care in 2017. The Authority expects to close the landfill in the year 2043. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The Authority is required by state laws and regulations to make annual contributions to a trust to finance closure and postclosure care costs. The Authority is in compliance with these requirements, and at December 31, 2017, cash and investments of $18,520,133 ($18,611,980-cost), are held for these purposes. These are reported as restricted assets on the statements of net position. The Authority expects that future inflation costs will be paid from interest earnings on these annual contributions.

However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

The amounts reported above as accrued closure and postclosure care costs and remaining estimated cost of closure and postclosure care, percent of estimated capacity of the landfill used and the estimated date the Authority expects to close the landfill are based on the most recent report prepared by the Authority's Consulting Engineers. That report reflected a change in the timing, methodology and cost of final closure from the previous report resulting in a change in accounting estimate. As a result, the accrued closure and postclosure costs decreased from $29,349,773 as of December 31, 2016, to $28,779,356 as of December 31, 2017 resulting in a negative expense of $(570,417) for the year ended December 31, 2017.

Net Pension Liability

For details on the net pension liability, refer to Note 5. The Authority’s annual required contribution to the Public Employees’ Retirement System is budgeted and paid on an annual basis.

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

LONG-TERM LIABILITIES (CONTINUED)

Accrued Compensated Absences

Current policy allows employees who retire from the Authority via PERS to be reimbursed for fifty percent (50%) of accrued sick leave up to a maximum of $12,000, calculated at the then current rate.

The following is a summary of changes in long-term liabilities for the year ended December 31, 2017:

Type of Debt:	Balance Jan. 1, 2017	Additions	Reductions	Balance Dec. 31, 2017	Amounts Due Within One Year
Revenue Bonds Payable:					
Solid Waste System					
Revenue Bonds:					
Series 2015A	$ 14,595,000	$ -	$ -	$ 14,595,000	$ 1,335,000
Series 2006	1,270,000		1,270,000	-	
Series 2017		10,158,515	259,272	9,899,243	478,908
Lease Revenue Bonds:					
Series 2015	3,880,000		170,000	3,710,000	175,000
Series 2014	17,280,000		470,000	16,810,000	485,000
Capital Bank Series 2017		12,000,000		12,000,000	
Vld PD Series 2017		21,935,000		21,935,000	
Unamortized Debt Premium	1,561,206	937,160	257,841	2,240,525	
Total Revenue Bonds Payable	38,586,206	45,030,675	2,427,113	81,189,768	2,473,908
Loans Payable:					
CEZC	1,000,000		1,000,000	-	
Series 2017 Food Specialization Center		7,357,350		7,357,350	-
Total Loans Payable	1,000,000	7,357,350	1,000,000	7,357,350	-
Accrued Closure and Postclosure Care Costs	29,349,773		570,417	28,779,356	
Net Pension Liability	8,955,483		1,787,860	7,167,623	
Accrued Liability - Pensions	134,313	8,310		142,623	
Net OPEB Obligation	228,386	244,645		473,031	
Accrued Compensated Absences	125,067	10,233	980	134,320	
	$ 78,379,228	$ 52,651,213	$ 5,786,370	$ 125,244,071	$ 2,473,908

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

LONG-TERM LIABILITIES (CONTINUED)

The annual debt service requirements to maturity, including principal and interest, for revenue bonds payable as of December 31, 2017 are as follows:

Year Ending December 31,	Solid Waste Revenue Bonds Principal	Solid Waste Revenue Bonds Interest	Lease Revenue Bonds Principal	Lease Revenue Bonds Interest	Loans Payable Principal	Loans Payable Interest
2018	$ 1,813,908	$ 712,444	$ 660,000	$ 2,197,121	$ -	$ 229,412
2019	1,878,907	653,343	912,000	2,199,392	56,465	287,014
2020	1,948,907	584,194	951,000	2,162,099	62,622	285,404
2021	2,023,907	504,319	1,701,000	2,115,826	65,922	282,103
2022	2,103,908	420,694	1,722,000	2,033,025	68,549	279,476
2023-2027	9,824,538	854,969	10,254,000	8,859,823	385,087	1,355,041
2028-2032	2,674,538	175,869	12,015,000	6,519,895	467,476	1,272,651
2033-2037	2,225,630	55,925	13,393,000	4,062,987	569,221	1,170,906
2038-2042			12,847,000	1,373,954	692,065	1,048,062
2043-2047					841,426	898,701
2048-2052					1,022,664	717,463
2053-2057					1,243,930	496,197
2058-2062					1,512,430	227,697
2063-2064					369,493	7,535
	24,494,243	$ 3,961,757	54,455,000	$ 31,524,122	7,357,350	$ 8,557,663
Add:						
Unamortized Debt Premium	1,084,230		1,156,295		-	
	$ 25,578,473		$ 55,611,295		$ 7,357,350	

COMMITMENTS AND CONTINGENCIES

As of December 31, 2017 the Authority has entered into various commitments for construction related professional services and construction contracts in its Solid Waste Operation in the amount of $3,357,573. Costs incurred on those contracts to December 31, 2017 totaled $3,130,297.

As described in Note 1, the Authority has undertaken a significant redevelopment portfolio that includes acquisition, construction, and property management of buildings occupied by state, county, municipal and not-for-profit tenants. These projects are included in the Authority's Other Operations. As of December 31, 2017 the Authority has entered into various commitments for construction related professional services and construction contracts in its Other Operations in the amount of $9,750,342. Costs incurred on those contracts to December 31, 2017 totaled $4,548,216.

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM

PENSIONS

Substantially all of the Authority's employees participate in the Public Employees' Retirement System (the System) which is administered and/or regulated by the New Jersey Division of Pensions and Benefits. The System's Board of Trustees is primarily responsible for the administration of the System.

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
http://www.state.nj.us/treasury/pensions

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2017, 2016 and 2015, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

Covered Authority employees are required to contribute a percentage of their salary toward their pension benefits. P.L. 2011, c78, effective June 28, 2011, increased the active member contribution rate from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.20% in State fiscal year 2017. Employee contributions were $187,495, $152,300 and $147,489 for the years ended December 31, 2017, 2016, and 2015, respectively. The payroll subject to pension for the Authority's employees covered by PERS was $2,240,579, $2,109,414, and $2,071,361 for the years ended December 31, 2017, 2016 and 2015, respectively.

The Authority is required by statute to contribute to the employee's pension benefits based on an annual actuarial calculation. The valuation is a determination of the financial condition of the retirement system. The Authority's required annual contributions to the PERS were $285,245, $268,626 and $246,702 for the years ended December 31, 2017, 2016, and 2015, respectively, and is included in the accompanying financial statements. The percentage of employer's contribution rate as a percentage of covered payroll for 2017, 2016 and 2015 was 12.73%, 12.73% and 11.91%, respectively.

At December 31, 2017 and 2016, the Authority reported a liability of $7,167,634 and $8,955,493, respectively for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 and 2015. At June 30, 2017, the Authority's proportion was 0.0307909211%, which was an increase of 0.0005533796% from its proportion measured as of June 30, 2016. At June 30, 2016, the Authority's proportion was 0.0302375415%, which was an increase of 0.0015423137% from its proportion measured as of June 30, 2015.

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

At December 31, 2017 and 2016, respectively, the Authority reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	2017		2016	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between Expected and Actual Experience	$ 168,773	$	$ 166,545	$
Changes of Assumptions	1,444,031	1,438,737	1,855,100	
Net Difference between Projected and Actual Earnings on Pension Plan Investments	48,807		341,481	
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	773,539	156,577	905,849	220,748
Authority Contributions Subsequent to the Measurement Date	142,623		134,313	
	$ 2,577,773	$ 1,595,314	$ 3,403,288	$ 220,748

Deferred outflows of resources related to pensions in the amount of $142,623 will be included as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending Dec 31,	
2018	$ 151,367
2019	151,367
2020	151,367
2021	151,367
2022	151,366
2023	83,002
	$ 839,836

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

The Authority will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	5.00	-
June 30, 2015	5.00	-
June 30, 2016	5.00	-
June 30, 2017	5.00	-

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

Actuarial Assumptions

The total pension liability for the June 30, 2017 and 2016 measurement dates were determined by actuarial valuations as of July 1, 2016 and 2015, respectively, which were rolled forward to June 30, 2017 and 2016, respectively.

These actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement.

	June 30, 2017	June 30, 2016
Inflation	2.25%	3.08%
Salary Increases:		
2012-2021	1.65% - 4.15% Based on Age	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%	7.65%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2011 - June 30, 2014	July 1, 2011 - June 30, 2014

Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2013 based on Projection Scale AA.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017 and 7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of returns for each major asset class included in PERS's target asset allocation as of June 30, 2017 and 2016 are summarized in the following table:

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

	June 30, 2017		June 30, 2016	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Absolute Return/Risk Mitigatior	5.00%			
Buyouts/Venture Capital	8.25%	13.08%		
Cash	5.50%	1.00%	5.00%	0.87%
Commodities			0.50%	5.45%
Credit Originated Hedge Funds	1.00%	6.60%		
Debt Related Private Equity	2.00%	10.63%	9.00%	12.40%
Debt Related Real Estate	1.00%	6.61%		
Emerging Market Equities	6.50%	11.64%	6.50%	9.95%
Equity Related Real Estate	6.25%	9.23%		
Global Debt ex U.S.			5.00%	-0.25%
Global Diversified Credit	5.00%	7.10%		
Hedge Funds / Absolute Return			12.50%	4.68%
Inflation-Indexed Bonds			1.50%	3.44%
Investment Grade Credit	10.00%	3.78%	8.00%	1.79%
Mortgages			2.00%	1.67%
Non-U.S. Developed Markets	11.50%	9.00%	13.25%	6.83%
Private Real Estate	2.50%	11.83%		
Public High Yield Bonds	2.50%	6.82%	2.00%	4.56%
Real Estate (Property)			2.00%	6.91%
REIT			5.25%	5.63%
U.S. Equity	30.00%	8.19%	26.00%	8.53%
U.S. Treasuries	3.00%	1.87%	1.50%	1.74%
	100.00%		100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 5.00% and 3.98% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.65%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarial determined contributions and the local employer's contributed 100% of their actuarially required contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040.

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

Therefore, the long-term expected rate of return of plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability at June 30, 2017 and 2016, respectively, calculated using the discount rate as disclosed above, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	June 30, 2017		
	1% Decrease 4.00%	Current Discount Rate 5.00%	1% Increase 6.00%
Authority's Proportionate Share of the Net Pension Liability	$ 8,891,937	$ 7,167,634	$ 5,731,077

	June 30, 2016		
	1% Decrease 2.98%	Current Discount Rate 3.98%	1% Increase 4.98%
Authority's Proportionate Share of the Net Pension Liability	$ 10,973,911	$ 8,955,493	$ 7,289,113

DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Authority employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional and participants elect how their salary deferrals are invested. Investment options include the following: stock funds, bond funds, and money market accounts, including various risk alternatives. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Investments are managed by the plan trustees under one of various pools of investment options offered by the Nationwide Retirement Solutions, Inc. Deferred Compensation Program, who is a provider of deferred compensation services in good standing with the State of New Jersey Division of Local Government Services.

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

DEFERRED COMPENSATION PLAN (CONTINUED)

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Authority or its creditors. Since the Authority does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Authority's financial statements.

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

In September 2016, the Authority changed providers from the State Health Benefits Program (SHBP) to a self-insured health plan.

Plan Description – The self-insured plan will be administered through Southern Coastal Regional Employee Benefits Fund/PERMA. The plan provides fully paid health benefits to employees retiring with the minimum of fifteen (15) years of services with the Authority and has reached the threshold of sixty-two (62) years of age. The benefits would be available to the employee from the age of eligibility (62 years) until the employee reaches the age of sixty-five (65). The benefit provisions of the plan may be established or amended by the Board of the Authority. A separate financial report is not issued.

Funding Policy - Contributions to pay for the health premiums of participating retirees are paid by the Authority on a monthly basis. For the years ended December 31, 2017 and 2016, the Authority contributed $9,908 and $26,167 respectively for current premiums. Plan members are not required to contribute to the cost of those premiums.

Annual OPEB Cost and Net OPEB Obligation - The Authority's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the self-insured plan, and changes in the Authority's net OPEB obligation to the self-insured plan:

	2017
Normal Cost	$ 136,569
30 year Amortization of UAAL at Discount Rate	117,984
Annual Required Contribution (ARC)	254,553
Contributions Made	(9,908)
Increase in Net OPEB Obligation	244,645
Net OPEB obligation - Beginning of Year	228,386
Net OPEB obligation - End of Year	$ 473,031

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Funded Status and Funding Progress - As of December 31, 2016, the most recent actuarial valuation date, the self-insured plan was 0% funded. The actuarial accrued liability for benefits was $1,921,825, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $1,921,825. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, compares the assets used for funding purposes to the comparable liabilities to determine how well the self-insured plan is funded. The actuarial liability is compared to the actuarial value of assets to determine the funding ratio. The Actuarial Accrued Liability under GASB is determined assuming that the CCIA Plan is ongoing and participants continue to terminate employment, retire, etc., in accordance with the actuarial assumptions.

Actuarial Methods and Assumptions - This valuation has been conducted as of December 31, 2016 based upon census, plan design and claims information provided by The Fund. Census includes 6 participants currently receiving retiree benefits, and 36 active participants of whom 0 are eligible to retire as of the valuation date. The average age of the active population is 45 and the average age of the retiree population is 67.

Actuarial assumptions were selected with the intention of satisfying the requirements of New Jersey Local Finance Notice 2007-15 in addition to Statement of Government Accounting Standard Number 45.

Demographic assumptions were selected based on those used by the State Division of Pensions and Benefits in calculating pension benefits taken from the July 1, 2016 report from Conduent. While some assumptions were simplified to reflect the smaller population, and to simplify the valuation process, the valuation results reasonably conform to the requirements of LFN 2007-15.

Health care (economic) assumptions were selected based on those used by the State Health Benefits Program in calculating SHBP member OPEB requirements taken from the July 1, 2015 report from Aon Consultants.

Key Actuarial Assumptions

Mortality	RP 2000 Combined Healthy Male Mortality Rates Set Forward Three Years
Turnover	NJ State Pensions Ultimate Withdrawal Rates- prior to benefits eligibility
Assumed Retirement Age	At first eligibility after completing 15 years of service and attainment of age 62
Full Attribution Period	Service to Assumed Retirement Age
Annual Discount Rate	4.50%
Medical Trend	6.0% in 2016, reducing by 0.1% per annum, leveling at 5% per annum in 2026
Medical Cost Aging Factor	NJ SHBP Medical Morbidity Rates

NOTE 6 DETAILED NOTES – NET POSITION

RESTRICTED NET POSITION

The Authority has restricted net position for the following purposes in accordance with the requirements of its Bond Resolution and laws or regulations.

	2017	2016
Solid Waste Operation:		
Operations	$ 1,324,740	$ 1,320,020
Debt Service	1,335,344	1,270,344
Cell Replacement	-	2,693,740
Equipment Renewal and Replacement	2,197,103	4,364,125
	4,857,187	9,648,229
Other Operations:		
Debt Service	418,611	405,889
Total Restricted	$ 5,275,798	$ 10,054,118

UNRESTRICTED NET POSITION

Designated Net Position:

Solid Waste Operations

The Authority has, by separate resolutions, designated a portion of its Unrestricted Net Position for Self-Insurance and Renewable Energy Projects. The self-insurance fund is defined as "A Designated Fund to maintain the deductible exposure of all the Authority's insurance coverage plus twenty-five percent." The amount of net position designated for self-insurance as of December 31, 2017 and 2016 is $590,625 and $274,375, respectively. The renewable energy project account is defined as "A segregated account solely used for the purpose of developing renewable energy projects in Cumberland County approved by the Authority". The amount of net position designated for renewable energy projects as of December 31, 2017 and 2016 is $2,567,170 and $2,737,557, respectively.

The Solid Waste Operation's unrestricted net position-designated for subsequent year's expenditures at December 31, 2017 and 2016 consists of $530,240 and $454,172, respectively; which has been appropriated and included as anticipated revenue in the Authority's 2018 and 2017 budgets respectively.

The unrestricted net position-designated for forgivable loans/grants consisted of the following:

	2017	2016
City of Vineland	$	$ 100,000
City of Millville	300,000	400,000

NOTE 6 DETAILED NOTES – NET POSITION (CONTINUED)

UNRESTRICTED NET POSITION (CONTINUED)

Designated Net Position (Continued):

Other Operations

The Authority has, by resolution, designated a portion of its Other Operations unrestricted net position for Replacement Reserve for Economic Development Operations. The replacement reserve fund was established to receive transfers to anticipate necessary future major repairs and capital expenditures. The amount of net position designated for replacement reserve as of December 31, 2017 and 2016 is $114,864 and $76,400, respectively.

The Other Operation's unrestricted net position-designated for subsequent year's expenditures at December 31, 2017 and 2016 consists of $-0- and $96,841, respectively; which has been appropriated and included as anticipated revenue in the Authority's 2018 and 2017 budgets respectively.

Undesignated Net Position:

Solid Waste Operations

The balance of unrestricted and undesignated net position (deficit) as of December 31, 2017 and 2016 of $(4,645,163) and $(1,489,611) respectively, is comprised of the following:

	2017	2016
Amount Related to Pensions (GASB 68 and 71)	$ (6,445,591)	$ (6,046,385)
Undesignated before GASB 68 and 71 Pension Related Items	1,800,428	4,556,774
	$ (4,645,163)	$ (1,489,611)

Other Operations

The balance of unrestricted and undesignated net position (deficit) as of December 31, 2017 and 2016 of $2,451,976 and $686,050 respectively, is comprised of the following:

	2017	2016
Amount Related to Pensions (GASB 68 and 71)	$ (167,452)	$ (129,507)
Undesignated before GASB 68 and 71 Pension Related Items	2,619,428	815,557
	$ 2,451,976	$ 686,050

NOTE 7 INTEREST EXPENSE

Interest expense consisted of the following:

	2017	2016
Interest on Bonds and Notes	$ 1,666,065	$ 1,556,747
Add: Amortization of Deferred Loss on Defeasance of Debt	97,333	97,334
Amortization of Premium on Bonds	(257,841)	(254,385)
Net Interest Expense	$ 1,505,557	$ 1,399,696

NOTE 8 RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Authority purchases commercial insurance for Pollution Liability and Crime.

The Authority is also a member of Cumberland County Insurance Commission (the "Commission"). The Commission is operated in accordance with regulations of the Division of Local Governmental Services of the Department of Community Affairs for the purpose of securing significant savings in insurance costs as well as providing stability in coverage. It is governed by three County officials who serve as commissioners and are appointed by the Board. Coverage in excess of the Commission's self-insured retention limit is provided through the Commission's membership in the New Jersey Counties Excess Joint Insurance Fund established in March 2010.

The Commission provides the Authority coverage for General and Automobile Liability; Workers' Compensation and Employer's Liability; and Property Damage other than Motor Vehicles, including Equipment Breakdown. Through membership in the New Jersey Counties Excess Joint Insurance Fund offered by the Commission, the Authority also has coverage for Public Officials and Employment Practices.

The Commissioner of Insurance may order additional assessments to supplement the Commission's claim, loss retention or administrative accounts to assure the payment of the Commission's obligations.

The Commission provides its own financial report for the year ended December 31, 2017, which can be obtained from:

Cumberland County Insurance Commission
790 East Commerce Street
Bridgeton, NJ 08032

Settled claims have not exceeded commercial insurance coverage in any of the past three years. The Authority also maintains a self-insurance fund as described in Note 2. The purpose of this account is to cover deductibles and general liability co-insurance requirements.

In September 2016, the Authority switched to a self-insured health insurance fund, Southern Coastal Regional Employee Benefits Fund which is administered by PERMA.

NOTE 9 MAJOR CUSTOMERS

Approximately forty-five percent (45%) of the solid waste received by the Authority in 2017 at its Solid Waste Complex was delivered by two (2) haulers.

NOTE 10 RELATED PARTY TRANSACTIONS

The Members of the Authority are appointed by the Board of Chosen Freeholders of the County of Cumberland. Accordingly, the Freeholders have the ability to influence the nature and amounts of the business done by the Authority. The Authority and the County have engaged in significant transactions with each other. These transactions include the issuance of conduit debt obligations, leasing of property and economic development activities and providing automobile/light truck maintenance and repair services.

NOTE 11 SUBSEQUENT EVENTS

In January of 2018, the Authority adopted a resolution authorizing the execution of a project development and management agreement with the Cumberland Empowerment Zone Corp. (CEZC) for the construction of the Authority's Administration Building. The CEZC has determined to undertake a capital project consisting of the construction, furnishing and equipping of a new office building on a certain piece of real property currently owned by the Authority and subject to a proposed ground leasehold interest with the CEZC which was authorized in April of 2018. The plan for financing the anticipated $5 million cost of the project include the Authority investing $1.5 million, with CEZC facilitating financing for the project by providing a $1 million loan to the Authority, as well as obtaining a $2.5 million loan from a lending institution. The Authority also awarded a construction contract in January of 2018 for the facility in the amount of $4,208,400.

In 2017, the Authority adopted several resolutions with respect to the Food Specialization Center Project (Project), including authorizing a loan from a lending institution in the amount of $7,357,350, which closed on December 29, 2017 as well as authorizing a grant from the U.S. Economic Development Authority (EDA) in the amount of $2,500,000. In March of 2018 the Authority adopted a resolution approving the Project and financing for the Project. It also authorized the acquisition of certain real property in the City of Bridgeton, undertaking the development of the project pursuant to a development services agreement and authorizes leasing the developed Project to Food Specialization Redevelopment Corporation (FSRC) for a term of 99 years. The resolution also authorized the Authority to make a leveraged loan in a New Markets Tax Credit (NMTC) transaction in the amount of $7,357,350. In May of 2018, the Authority authorized awarding a contract for building construction of the Project in the amount of $6,686,000.

REQUIRED SUPPLEMENTARY INFORMATION
PART II

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION - PART II
SCHEDULES OF PROPORTIONATE SHARE, EMPLOYER CONTRIBUTIONS AND NOTES
STATE OF NEW JERSEY PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

Schedule of Proportionate Share of Net Pension Liability at June 30 (measurement date)

	2017	2016	2015	2014	2013
Authority's Proportion of the Net Pension Liability	0.0307909211%	0.0302375415%	0.0286952278%	0.0234671743%	0.0256294937%
Authority's Proportionate Share of the Net Pension Liability	$ 7,167,634	$ 8,955,493	$ 6,441,504	$ 4,393,697	$ 4,898,305
Authority's Covered-Employee Payroll	$ 2,123,576	$ 2,106,244	$ 1,928,132	$ 1,543,668	$ 1,742,508
Authority's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	337.53%	425.19%	334.08%	284.63%	281.11%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%	52.08%	48.72%

Schedule of Employer Contributions

	2017	2016	2015	2014	2013
Contractually Required Contribution	$ 285,245	$ 268,626	$ 246,702	$ 193,460	$ 193,113
Contributions in Relation to the Contractually Required Contribution	(285,245)	(268,626)	(246,702)	(193,460)	(193,113)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Authority's Covered-Employee Payroll	$ 2,240,579	$ 2,109,414	$ 2,071,361	$ 1,913,595	$ 1,630,482
Contributions as a Percentage of Authority's Covered-Employee Payroll	12.73%	12.73%	11.91%	10.11%	11.84%

Notes

Changes in Benefit Terms - There were no significant changes in benefits for the July 1, 2016 and 2015 actuarial valuation.

Changes in Assumptions - In accordance with Paragraph 44 of GASB Statement No. 67 the discount rate for June 30, changed as follows:

2017	2016	2015	2014	2013
5.00%	3.98%	4.90%	5.39%	5.55%

Schedule Presentation - These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

See accompanying independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION
PART III

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION - PART III
POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Schedule of Funding Progress for the OPEB Plan

	2017	2016
Actuarial Valuation Date	December 31, 2016	December 31, 2016
Actuarial Value of Assets (a)	$ -	$ -
Actuarial Accrued Liability (AAL) (b)	$ 1,921,825	$ 1,921,825
Unfunded Accrued Liability (UAAL) (b-a)	$ 1,921,825	$ 1,921,825
Funded Ratio (a/b)	0%	0%
Covered Payroll	N/A	N/A
UAAL as a Percentage of Covered Payroll	N/A	N/A

Schedule of Employer Contributions for the OPEB Plan

	2017	2016
Annual OPEB Costs	$ 9,908	$ 26,167
Percentage of Annual OPEB Cost Contributed	100%	100%

See accompanying independent auditors' report

SUPPLEMENTARY INFORMATION

SCHEDULE 1

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
NET INVESTMENT IN CAPITAL ASSETS, RESTRICTED AND UNRESTRICTED
YEARS ENDED DECEMBER 31, 2017 AND 2016

	SOLID WASTE OPERATIONS							OTHER OPERATIONS				TOTAL	
		UNRESTRICTED		RESTRICTED					UNRESTRICTED		RESTRICTED		
	INVESTMENT IN CAPITAL ASSETS	UNDESIGNATED	DESIGNATED	OPERATING RESERVE	RENEWAL AND REPLACEMENT	DEBT SERVICE	CLOSURE AND POST-CLOSURE	INVESTMENT IN CAPITAL ASSETS	UNDESIGNATED	DESIGNATED	DEBT SERVICE	2017 (MEMO)	2016 (MEMO)
OPERATING REVENUE:													
Landfill Tipping Fees	$	$ 12,641,411	$	$	$	$	$	$	$	$	$	$ 12,641,411	$ 12,138,819
Rental Income									2,710,152			2,710,152	2,040,076
Project Management Fee									178,709			178,709	512,152
Methane Gas Project Revenue		457,962										457,962	436,859
Recycle Revenue		256,896										256,896	129,425
Administrative/Bond Transaction Fee									27,419			27,419	-
Project Income - Fleet Maintenance									226,551			226,551	163,721
Property Management Fee									30,000			30,000	-
Lease Income												-	54,828
Other		75,017							57,434			132,451	98,850
	-	13,431,286	-	-	-	-	-	-	3,230,265	-	-	16,661,551	15,574,730
OPERATING EXPENSES:													
Cost of Providing Services		6,779,945							917,440			7,697,385	6,194,404
Administrative and General		2,429,606							589,800			3,019,406	2,788,206
Closure and Postclosure Costs		(570,417)										(570,417)	(4,360,998)
Depreciation		3,316,914							1,625,525			4,942,439	4,966,411
	-	11,956,048	-	-	-	-	-	-	3,132,765	-	-	15,088,813	9,588,023
OPERATING INCOME (LOSS)	-	1,475,238	-	-	-	-	-	-	97,500	-	-	1,572,738	5,986,707
NON-OPERATING REVENUE (EXPENSES):													
Interest Income		72,499	9,910		38,961	26,113	437,593		8,168		7,918	601,162	677,154
Interest Expense		(580,173)							(925,384)			(1,505,557)	(1,399,696)
Pass Through Revenue - Arts & Innovation Project									244,372			244,372	4,740,003
Pass Through Expenses - Arts & Innovation Project												-	(4,984,375)
Operating Grants		331,425							5,000			336,425	357,790
Other Non-Operating Income		36,969							62,886			99,855	106,906
Forgivable Loans/Grants		(200,000)										(200,000)	(200,000)
P.I.L.O.T. Program-Municipal		(1,080)							(9,516)			(10,596)	(9,516)
Appropriated to County		(454,172)										(454,172)	(445,000)
Debt Issue Costs Incurred		(124,386)							(228,368)			(352,754)	(4,505)
Gain on Disposal of Assets		431,620										431,620	155,401
Net Decrease in Fair Value												-	-
of Investments		(219,737)										(219,737)	(285,362)
	-	(707,035)	9,910	-	38,961	26,113	437,593	-	(842,842)	-	7,918	(1,029,382)	(1,291,200)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	-	768,203	9,910	-	38,961	26,113	437,593	-	(745,342)	-	7,918	543,356	4,695,507
CONTRIBUTIONS AND TRANSFERS:													
Capital Contributions												-	27,214
Residual Equity Transfers		(1,000,000)							1,000,000			-	
Other Transfers	8,205,443	(2,923,755)	12,021	4,720	(4,899,723)	38,887	(437,593)	(1,457,695)	1,511,268	(58,377)	4,804	-	
INCREASE (DECREASE) IN NET POSITION	8,205,443	(3,155,552)	21,931	4,720	(4,860,762)	65,000	-	(1,457,695)	1,765,926	(58,377)	12,722	543,356	4,722,721
NET POSITION - JANUARY 1,	29,107,303	(1,489,611)	3,966,104	1,320,020	7,057,865	1,270,344	-	1,483,719	686,050	173,241	405,889	43,980,924	39,258,203
NET POSITION - DECEMBER 31,	$ 37,312,746	$ (4,645,163)	$ 3,988,035	$ 1,324,740	$ 2,197,103	$ 1,335,344	$ -	$ 26,024	$ 2,451,976	$ 114,864	$ 418,611	$ 44,524,280	$ 43,980,924
UNRESTRICTED NET POSITION (DEFICIT) - UNDESIGNATED-													
Related to Pensions (GASB 68 and 71)		$ (6,445,591)							$ (167,452)				
Before GASB 68 and 71 Pension Related Items		1,800,428							2,619,428				
		$ (4,645,163)							$ 2,451,976				

SCHEDULE 2

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF NET POSITION
DECEMBER 31, 2017 AND 2016

	2017			2016		
	Solid Waste Operations	Other	Total	Solid Waste Operations	Other	Total
ASSETS						
CURRENT ASSETS - UNRESTRICTED:						
Cash	$ 387,517	$ 651,280	$ 1,038,797	$ 241,882	$ 563,868	$ 805,750
Accounts Receivable	825,021	24,231	849,252	777,406	18,414	795,820
Loans Receivable	211,573	100,000	311,573	311,573	228,240	539,813
Interest Receivable - Loans	9,587	10,059	19,646	652	9,303	9,955
Other Receivables	10,544	519,926	530,470	10,921	149,100	160,021
Lease Receivable		59,620	59,620			
Due from Restricted Assets	303,913		303,913	4,299,082		4,299,082
Inventories	32,193	229,915	262,108	42,122		42,122
Prepaid Expenses	32,679	7,955	40,634	49,607	16,200	65,807
Total Current Assets - Unrestricted	1,813,027	1,602,986	3,416,013	5,733,245	985,125	6,718,370
CURRENT ASSETS - RESTRICTED:						
Accounts Required by the Authority's Bond Resolutions/Loan Agreements:						
Cash	9,332,293	22,206,320	31,538,613	21,778,866	997,228	22,776,094
Cash Held by Fiscal Agent		7,357,350	7,357,350			
Other Restricted Accounts:						
Cash	1,956,854	1,808,417	3,765,271	4,725,828	80,351	4,806,179
Investments				1,152,486		1,152,486
Interest Receivable	118,003		118,003	137,708		137,708
Due from New Jersey Environmental Infrastructure Trust				3,526,176		3,526,176
Interfunds	11,421,545	(11,421,545)		814,895	(814,895)	
Total Current Assets - Restricted	22,828,695	19,950,542	42,779,237	32,135,959	262,684	32,398,643
NONCURRENT ASSETS:						
Investments - Other Restricted Accounts	17,892,940	2,400,000	20,292,940	17,890,156		17,890,156
Loans Receivable - Noncurrent	678,411	4,784,375	5,462,786	889,983	4,784,375	5,674,358
Prepaid Bond Insurance	36,039	85,820	121,859	40,544	23,868	64,412
Capital Assets, Net	61,229,611	43,122,562	104,352,173	54,532,714	24,100,045	78,632,759
Total Noncurrent Assets	79,837,001	50,392,757	130,229,758	73,353,397	28,908,288	102,261,685
TOTAL ASSETS	104,478,723	71,946,285	176,425,008	111,222,601	30,156,097	141,378,698
DEFERRED OUTFLOWS OF RESOURCES:						
Deferred Loss on Defeasance of Debt	406,461		406,461	503,795		503,795
Deferred Amount Relating to Pensions	2,303,882	273,891	2,577,773	3,057,742	345,546	3,403,288
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,710,343	273,891	2,984,234	3,561,537	345,546	3,907,083

SCHEDULE 2

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF NET POSITION
DECEMBER 31, 2017 AND 2016

	2017			2016		
	Solid Waste Operations	Other	Total	Solid Waste Operations	Other	Total
CURRENT LIABILITIES PAYABLE FROM UNRESTRICTED ASSETS:						
Accounts Payable - Operations	$ 430,074	$ 161,721	$ 591,795	$ 772,282	$ 212,290	$ 984,572
Other Payables		400,000	400,000		400,000	400,000
Accrued Liabilities	58,155	1,422	59,577	107,416	1,450	108,866
Accrued Liabilities - Pension	257,868	27,376	285,244	242,692	25,934	268,626
Customer Deposits	171,799		171,799	217,099		217,099
Security Deposits		166,686	166,686			
Landfill Taxes Payable	154,822		154,822	159,194		159,194
Host Community Benefit Payable	42,177		42,177	46,466		46,466
Unearned Revenue	14,400	106,657	121,057	15,400	75,658	91,058
Unearned Grant Revenue				6,509		6,509
Unearned Lease Revenue						
Total Current Liabilities Payable From Unrestricted Assets	1,129,295	863,862	1,993,157	1,567,058	715,332	2,282,390
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:						
Contracts Payable - Construction	247,738	954,222	1,201,960	1,064,636	59,337	1,123,973
Contracts Payable - Retainage	86,368	797	87,165	405,322	11,063	416,385
Revenue Bonds Payable	1,813,908	660,000	2,473,908	1,270,000	640,000	1,910,000
Loan Payable - NJEIT				10,198,019		10,198,019
Accrued Interest Payable - Revenue Bonds	361,747	160,240	521,987	355,963	127,893	483,856
Due to Unrestricted Assets	303,913		303,913	4,299,082		4,299,082
License Agreement Escrow	153,020		153,020	116,801		116,801
Total Current Liabilities Payable From Restricted Assets	2,966,694	1,775,259	4,741,953	17,709,823	838,293	18,548,116
LONG-TERM LIABILITIES:						
Revenue Bonds Payable	23,764,565	54,951,295	78,715,860	15,746,412	20,929,794	36,676,206
Loan Payable		7,357,350	7,357,350		1,000,000	1,000,000
Accrued Closure and Postclosure Care Costs	28,779,356		28,779,356	29,349,773		29,349,773
Accrued Liability Pension	128,935	13,688	142,623	121,346	12,967	134,313
Net Pension Liability	6,905,591	262,032	7,167,623	8,538,265	417,218	8,955,483
Net OPEB Obligation	421,849	51,182	473,031	203,675	24,711	228,386
Accrued Compensated Absences	122,909	11,411	134,320	113,947	11,120	125,067
Total Long-Term Liabilities	60,123,205	62,646,958	122,770,163	54,073,418	22,395,810	76,469,228
Total Liabilities	64,219,194	65,286,079	129,505,273	73,350,299	23,949,435	97,299,734
DEFERRED INFLOWS OF RESOURCES:						
Deferred Amount Relating to Pensions	1,457,067	138,247	1,595,314	201,814	18,934	220,748
Deferred Amount Relating to Arts & Innovation Project		3,784,375	3,784,375		3,784,375	3,784,375
TOTAL DEFERRED INFLOWS OF RESOURCES	1,457,067	3,922,622	5,379,689	201,814	3,803,309	4,005,123
NET POSITION:						
Net Investment in Capital Assets	37,312,746	26,024	37,338,770	29,107,303	1,483,719	30,591,022
Restricted:						
Operations	1,324,740		1,324,740	1,320,020		1,320,020
Debt Service	1,335,344	418,611	1,753,955	1,270,344	405,889	1,676,233
Cell Replacement			-	2,693,740		2,693,740
Equipment Renewal and Replacement	2,197,103		2,197,103	4,364,125		4,364,125
Unrestricted	(657,128)	2,566,840	1,909,712	2,476,493	859,291	3,335,784
Total Net Position	$ 41,512,805	$ 3,011,475	$ 44,524,280	$ 41,232,025	$ 2,748,899	$ 43,980,924

SCHEDULE 3

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			2016		
	Solid Waste Operations	Other	Total	Solid Waste Operations	Other	Total
OPERATING REVENUE:						
Landfill Tipping Fees	$ 12,641,411	$ -	$ 12,641,411	$ 12,138,819	$ -	$ 12,138,819
Rental Income		2,710,152	2,710,152		2,040,076	2,040,076
Project Management Fee		178,709	178,709		512,152	512,152
Methane Gas Project Revenue	457,962		457,962	436,859		436,859
Recycle Revenue	256,896		256,896	129,425		129,425
Project Income - Fleet Maintenance		226,551	226,551		163,721	163,721
Administrative/Bond Transaction Fee		27,419	27,419			
Property Management Fee		30,000	30,000			
Lease Income					54,828	54,828
Other Operating Income	75,017	57,434	132,451	68,850	30,000	98,850
Total Operating Revenue	13,431,286	3,230,265	16,661,551	12,773,953	2,800,777	15,574,730
OPERATING EXPENSES:						
Cost of Providing Services	6,779,945	917,440	7,697,385	5,373,970	820,434	6,194,404
Administrative and General	2,429,606	589,800	3,019,406	2,278,506	509,700	2,788,206
Closure and Postclosure Costs	(570,417)		(570,417)	(4,360,998)		(4,360,998)
Depreciation	3,316,914	1,625,525	4,942,439	3,651,908	1,314,503	4,966,411
Total Operating Expenses	11,956,048	3,132,765	15,088,813	6,943,386	2,644,637	9,588,023
OPERATING INCOME	1,475,238	97,500	1,572,738	5,830,567	156,140	5,986,707
NON-OPERATING REVENUE (EXPENSES):						
Interest Income	585,076	16,086	601,162	668,469	8,685	677,154
Interest Expense	(580,173)	(925,384)	(1,505,557)	(581,249)	(818,447)	(1,399,696)
Pass Through Revenue - Arts & Innovation Project		244,372	244,372		4,740,003	4,740,003
Pass Through Expenses - Arts & Innovation Project					(4,984,375)	(4,984,375)
Net Decrease in Fair Value of Investments	(219,737)		(219,737)	(285,362)		(285,362)
Appropriated to County	(454,172)		(454,172)	(445,000)		(445,000)
Operating Grants	331,425	5,000	336,425	350,113	7,677	357,790
Forgivable Loans/Grants	(200,000)		(200,000)	(200,000)		(200,000)
Debt Issue Costs Incurred	(124,386)	(228,368)	(352,754)	(4,505)		(4,505)
Gain on Disposal of Assets	431,620		431,620	155,401		155,401
Contribution to Host Community/P.I.L.O.T. Program	(1,080)	(9,516)	(10,596)		(9,516)	(9,516)
Other Non-Operating Income	36,969	62,886	99,855	54,837	52,069	106,906
Total Non-Operating Revenue (Expenses)	(194,458)	(834,924)	(1,029,382)	(287,296)	(1,003,904)	(1,291,200)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	1,280,780	(737,424)	543,356	5,543,271	(847,764)	4,695,507
CAPITAL CONTRIBUTIONS				27,214		27,214
RESIDUAL EQUITY TRANSFERS IN (OUT)	(1,000,000)	1,000,000				
CHANGE IN NET POSITION	280,780	262,576	543,356	5,570,485	(847,764)	4,722,721
NET POSITION-BEGINNING	41,232,025	2,748,899	43,980,924	35,661,540	3,596,663	39,258,203
TOTAL NET POSITION-ENDING	$ 41,512,805	$ 3,011,475	$ 44,524,280	$ 41,232,025	$ 2,748,899	$ 43,980,924

SCHEDULE 4A

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUES AND COSTS FUNDED BY
REVENUES COMPARED TO BUDGET - BUDGETARY BASIS
SOLID WASTE OPERATIONS
YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016

	2017 BUDGET	2017 ACTUAL	2016 ACTUAL
REVENUE:			
Closure Postclosure Escrow Funds Utilized	$	$ 62,519	$ 64,417
User Charges and Fees	11,856,070	12,641,411	12,138,819
Recycle Revenue	119,000	256,896	129,425
Methane Gas Project Revenue	340,000	457,962	436,859
Operating Grants	376,841	331,425	350,113
Interest Income	13,000	52,402	50,873
Rental Income	18,276	25,514	38,578
Miscellaneous Revenues		86,472	85,109
Total Revenue	12,723,187	13,914,601	13,294,193
EXPENSES:			
Costs of Providing Services:			
Salaries - Supervision	103,041	101,379	105,683
Salaries and Wages - Operations	1,559,355	1,561,225	1,454,977
Fringe Benefits	1,182,919	1,092,537	1,060,404
Consultant Services - Operations	314,000	698,945	363,625
Fuel	282,683	233,792	191,315
Equipment Maintenance Agreements	92,674	28,865	24,575
Tires	86,972	51,817	40,518
Replacement Parts	160,510	202,486	171,305
Repairs and Maintenance	141,580	302,352	149,717
Truck Wash Parts & Supplies		452	
Tire Repair	6,000	2,758	3,687
Lawn Maintenance	42,910	41,318	40,399
Utilities	406,178	294,345	287,315
Recycle Rebate	18,000	8,440	16,604
Materials and Supplies	47,691	59,375	34,865
Uniforms	16,806	13,663	13,728
Security Services	4,590	3,422	3,630
Tire Hauling	15,000		
Equipment Rental	20,000		19,803
Leachate Treatment	124,637	169,461	83,398
Leachate Hauling	164,556	929,680	175,115
Pretreatment Facility - Replacement Parts	91,100	96,516	59,471
Pretreatment Facility - Repairs and Maintenance	45,000	81,897	40,443
Groundwater Sampling and Analysis	30,000	36,056	27,633
Flare	100,000	63,781	89,902
Telephone	15,200	14,237	15,076
Disposal Fees	80,250	67,341	65,734
REA Grant	163,320	149,829	137,757
Promotional Materials	15,500	13,227	13,616
Public Awareness & Advertising	12,244	13,547	8,401
Sponsored Events			10,000
Other Operating Costs	23,958	16,032	30,234
	5,366,674	6,348,775	4,738,930

SCHEDULE 4A

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUES AND COSTS FUNDED BY
REVENUES COMPARED TO BUDGET - BUDGETARY BASIS
SOLID WASTE OPERATIONS
YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016

	2017 BUDGET	2017 ACTUAL	2016 ACTUAL
EXPENSES (CONTINUED):			
Administrative and General Expenses:			
Salaries and Wages	$ 678,469	$ 739,375	$ 640,743
Fringe Benefits	460,096	443,872	408,045
Administrative Payroll Expense	12,236	8,618	11,348
Security	6,461	4,960	5,684
Office Supplies and Expense	31,000	22,859	31,997
Professional Services	401,077	360,621	296,748
Professional Services - Closure Related	56,800	62,519	64,417
Insurance	234,329	230,409	226,254
Travel, Conferences and Meetings	6,750	3,518	3,790
Dues and Subscriptions	7,706	4,726	5,578
Utilities	51,760	50,725	53,557
Telephone	19,180	14,254	12,820
Licenses, Permits, Penalties and Assessments	216,492	137,395	122,034
Other Administrative Expenses	76,949	57,705	57,847
Training Programs	23,850	30,596	10,358
Repairs and Maintenance	22,250	19,027	32,650
Newspaper Printing and Publication			6,086
Public Awareness and Advertising	36,200	15,380	1,991
Public Relations	18,000	13,801	16,783
Automotive Supplies and Expenses	4,000	3,107	1,016
Litter Abatement Program	18,150	19,913	8,982
	2,381,755	2,243,380	2,018,728
Interest Expense	645,250	709,409	706,369
OTHER COSTS FUNDED BY REVENUES:			
Principal Maturities	1,335,000	1,529,272	1,270,000
Capital Outlays	200,000	673,906	859,190
Reserve for Equipment Renewal and Replacement	611,377	577,125	632,148
Reserve for Cell Renewal and Replacement	750,000		684,118
Reserve for Operating and Maintenance	35,844	4,720	88,390
Debt Service Coverage Requirements	198,025		
Contribution to Host Community/P.I.L.O.T. Programs	1,080	1,080	
Appropriated to County	454,172	454,172	445,000
Forgivable Loans/Grants	200,000	200,000	200,000
	3,785,498	3,440,275	4,178,846
TOTAL COSTS FUNDED BY REVENUES	12,179,177	12,741,839	11,642,873

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUES AND COSTS FUNDED BY
REVENUES COMPARED TO BUDGET - BUDGETARY BASIS
SOLID WASTE OPERATIONS
YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016

	2017 BUDGET	2017 ACTUAL	2016 ACTUAL
REVENUES OVER (UNDER) COSTS FUNDED BY REVENUES	$ 544,010	$ 1,172,762	$ 1,651,320
Reconciliation of Budgetary Basis to Change in Net Position:			
Adjustments to Budgetary Basis:			
Interest Income not used for Operations		532,674	617,596
Capital Outlays		673,906	859,190
Principal Maturities		1,529,272	1,270,000
Capital Contributions			27,214
Transfers to Renewal and Replacement Reserves		577,125	1,316,266
Increase in Reserve for Operating and Maintenance		4,720	88,390
Increase (Decrease) in Fair Value of Investments		(219,737)	(285,362)
Closure Postclosure Escrow Funds Utilized		(62,519)	(64,417)
Amortization Charged to Interest Expense		129,236	125,120
Depreciation		(3,316,914)	(3,651,908)
Gain on Disposal of Assets		431,620	155,401
Closure Post Closure Expenses per GAAP		570,417	4,360,998
Cost of Issuance-2015A Bonds		(124,386)	(4,505)
Residual Equity Transfer Out		(1,000,000)	
OPEB - Difference of GAAP vs. Budgetary Basis		(218,174)	(203,675)
Pension Expense - Difference of GAAP vs. Budgetary Basis		(399,222)	(691,143)
CHANGE IN NET POSITION PER SCHEDULE 3		$ 280,780	$ 5,570,485

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUES AND COSTS FUNDED BY
REVENUES COMPARED TO BUDGET - BUDGETARY BASIS
OTHER OPERATIONS
YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016

	2017 BUDGET	2017 ACTUAL	2016 ACTUAL
REVENUE:			
Rental Income	$ 2,425,471	$ 2,710,152	$ 2,040,076
Project Management Fee	186,235	178,709	512,152
Administrative Fees	30,000	27,419	
Fleet Maintenance	170,344	226,551	163,721
Property Management Fee		30,000	
Other Operating Income		57,434	30,000
Lease Income			54,828
Miscellaneous Income	35,880	62,886	52,069
Operating Grants	4,000	5,000	7,677
Pass Through Project Revenue		244,372	4,740,003
Interest Income		16,086	8,685
Total Revenue	2,851,930	3,558,609	7,609,211
EXPENSES:			
Costs of Providing Services:			
Salaries	70,368	65,313	75,550
Employee Benefits	66,458	64,901	75,168
Building Services	282,950	305,233	214,100
Repairs and Maintenance	106,230	161,746	142,521
Utilities	221,600	290,064	221,019
Garage Lease	4,116	4,116	4,116
Grant Expenses	4,000	5,000	7,677
Other Operating Expenses	7,960	2,726	2,363
	763,682	899,099	742,514
Administrative and General Expenses:			
Salaries	175,593	162,894	191,447
Employee Benefits	86,098	94,777	82,743
Professional Services	71,800	145,869	53,167
Property Management	3,500		
Insurance	46,940	47,978	46,607
Marketing and Advertising	66,000	63,891	78,952
Sponsorships	2,400		
Other Administrative Expenses	27,760	28,333	26,050
	480,091	543,742	478,966
Interest Expense	842,198	956,656	850,378

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUES AND COSTS FUNDED BY
REVENUES COMPARED TO BUDGET - BUDGETARY BASIS
OTHER OPERATIONS
YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016

	2017 BUDGET	2017 ACTUAL	2016 ACTUAL
OTHER COSTS FUNDED BY REVENUES:			
Principal Maturities	$ 640,000	$ 640,000	$ 550,000
Capital Outlays	175,000	447,901	46,837
Replacement Reserve	38,284	38,284	38,284
Pass Through Project Expenses			4,984,375
P.I.L.O.T. - Municipal	9,516	9,516	9,516
	862,800	1,135,701	5,629,012
TOTAL COSTS FUNDED BY REVENUES	2,948,771	3,535,198	7,700,870
REVENUES OVER (UNDER) COSTS FUNDED BY REVENUES	$ (96,841)	23,411	(91,659)
Reconciliation of Budgetary Basis to Change in Net Position:			
Adjustments to Budgetary Basis:			
Capital Outlays		447,901	46,837
Transfers to Renewal and Replacement Reserves		38,284	38,284
Principal Maturities		640,000	550,000
Residual Equity Transfer		1,000,000	
Debt Issue Costs Incurred		(228,368)	
Amortization Charged to Interest Expense		31,272	31,932
OPEB - Difference of GAAP vs. Budgetary Basis		(26,470)	(24,712)
Pension Expense - Difference of GAAP vs. Budgetary Basis		(37,929)	(83,943)
Depreciation		(1,625,525)	(1,314,503)
CHANGE IN NET POSITION PER SCHEDULE 3		$ 262,576	$ (847,764)

SCHEDULE 4C

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF RECONCILIATION OF BUDGETARY REVENUES AND COSTS FUNDED BY REVENUES TO CHANGE IN NET POSITION
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Revenues Over (Under) Costs Funded By Revenues:		
Solid Waste Operations - Schedule 4A	$ 1,172,762	$ 1,651,320
Other Operations - Schedule 4B	23,411	(53,375)
	1,196,173	1,597,945
Adjustments to Budgetary Basis:		
Interest Income not used for Operations	532,674	617,596
Capital Outlays	1,121,807	906,027
Principal Maturities	2,169,272	1,820,000
Transfers to Renewal and Replacement Reserves	615,409	1,316,266
Increase (Decrease) in Fair Value of Investments	(219,737)	(285,362)
Increase in Reserve for Operating and Maintenance	4,720	88,390
Closure Postclosure Escrow Funds Utilized	(62,519)	(64,417)
Amortization Charged to Interest Expense	160,508	157,052
Depreciation	(4,942,439)	(4,966,411)
Gain on Disposal of Assets	431,620	155,401
Closure Post Closure Expenses per GAAP	570,417	4,360,998
Debt Issue Costs Incurred	(352,754)	(4,505)
Residual Equity Transfer Out		
OPEB - Difference of GAAP vs. Budgetary Basis	(244,644)	(228,387)
Pension Expense - Difference of GAAP vs. Budgetary Basis	(437,151)	(775,086)
Capital Contributions		27,214
Change in Net Position Per Exhibit B	$ 543,356	$ 4,722,721

SCHEDULE 5

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUE BONDS PAYABLE
DECEMBER 31, 2017

	ORIGINAL ISSUE	DATE OF ISSUE	MATURITIES DATE	MATURITIES AMOUNT	INTEREST RATE	BALANCE JANUARY 1, 2017	PRINCIPAL ADDITIONS 2017	PRINCIPAL MATURITIES 2017	DEFEASED 2017	BALANCE DECEMBER 31, 2017
2006 County Guaranteed Solid Waste System Revenue Bonds	$ 24,485,000	8/3/2006	N/A	N/A	5.250%	$ 1,270,000	$ -	$ 1,270,000	$ -	$ -
2014 County Guaranteed Facilities Acquisition Project Revenue Bonds	17,955,000	5/29/2015	5/1/2018	485,000	4.000%					
			5/1/2019	505,000	4.000%					
			5/1/2020	525,000	4.000%					
			5/1/2021	550,000	5.000%					
			5/1/2022	580,000	5.000%					
			5/1/2023	610,000	5.000%					
			5/1/2024	640,000	5.000%					
			5/1/2025	665,000	3.000%					
			5/1/2026	690,000	3.130%					
			5/1/2027	710,000	3.130%					
			5/1/2028	730,000	3.250%					
			5/1/2029	755,000	3.500%					
			5/1/2030	785,000	3.750%					
			5/1/2031	815,000	3.750%					
			5/1/2032	845,000	3.750%					
			5/1/2033	875,000	3.750%					
			5/1/2034	915,000	3.750%					
			5/1/2035	945,000	4.000%					
			5/1/2036	985,000	4.000%					
			5/1/2037	1,025,000	4.000%					
			5/1/2038	1,065,000	4.000%					
			5/1/2039	1,110,000	4.000%	17,280,000		470,000		16,810,000
2015A County Guaranteed Solid Waste Revenue Refunding Bonds	14,595,000	5/29/2015	1/1/2018	1,335,000	4.000%					
			1/1/2019	1,395,000	4.000%					
			1/1/2020	1,460,000	5.000%					
			1/1/2021	1,535,000	5.000%					
			1/1/2022	1,610,000	5.000%					
			1/1/2023	1,690,000	5.000%					
			1/1/2024	1,780,000	5.000%					
			1/1/2025	1,860,000	4.000%					
			1/1/2026	1,930,000	3.000%	14,595,000		-	-	14,595,000

(Continued)

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUE BONDS PAYABLE
DECEMBER 31, 2017

	ORIGINAL ISSUE	DATE OF ISSUE	MATURITIES DATE	MATURITIES AMOUNT	INTEREST RATE	BALANCE JANUARY 1, 2017	PRINCIPAL ADDITIONS 2017	PRINCIPAL MATURITIES 2017	DEFEASED 2017	BALANCE DECEMBER 31, 2017
2015 Lease Revenue Bonds - State Office Buildings Project	$ 3,975,000	8/25/2015	6/15/2018	$ 175,000	3.690%					
			6/15/2019	175,000	3.690%					
			6/15/2020	180,000	3.690%					
			6/15/2021	250,000	3.690%					
			6/15/2022	255,000	3.690%					
			6/15/2023	260,000	3.690%					
			6/15/2024	265,000	3.690%					
			6/15/2025	275,000	3.690%					
			6/15/2026	355,000	3.690%					
			6/15/2027	365,000	3.690%					
			6/15/2028	375,000	3.690%					
			6/15/2029	385,000	3.690%					
			6/15/2030	395,000	3.690%	$ 3,880,000		$ 170,000	$ -	$ 3,710,000
2017 New Jersey Enviromental Infrastructure Trust Loan	2,510,000	5/25/2017	9/1/2018	90,000	5.000%					
			9/1/2019	95,000	5.000%					
			9/1/2020	100,000	5.000%					
			9/1/2021	100,000	5.000%					
			9/2/2022	105,000	5.000%					
			9/2/2023	110,000	5.000%					
			9/2/2024	120,000	5.000%					
			9/2/2025	125,000	5.000%					
			9/2/2026	130,000	3.000%					
			9/2/2027	135,000	3.000%					
			9/1/2028	140,000	3.000%					
			9/1/2029	140,000	3.000%					
			9/1/2030	145,000	3.000%					
			9/1/2031	150,000	3.000%					
			9/1/2032	155,000	3.000%					
			9/1/2033	160,000	3.125%					
			9/1/2034	165,000	3.250%					
			9/1/2035	170,000	3.250%					
			9/1/2036	175,000	3.375%		2,510,000			2,510,000
2017 New Jersey Enviromental Infrastructure Fund Loan	7,648,515	5/25/2017	2018	388,908	N/A					
			2019	388,908						
			2020	388,908						
			2021	388,908						
			2022	388,908						
			2023	388,908						
			2024	388,908						
			2025	388,908						
			2026	388,908						
			2027	388,908						
			2028	388,908						
			2029	388,908						
			2030	388,908						
			2031	388,908						
			2032	388,908						
			2033	388,908						
			2034	388,908						
			2035	388,908						
			2036	388,899			7,648,515	259,272		7,389,243

(Continued)

SCHEDULE 5

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUE BONDS PAYABLE
DECEMBER 31, 2017

	ORIGINAL ISSUE	DATE OF ISSUE	MATURITIES DATE	MATURITIES AMOUNT	INTEREST RATE	BALANCE JANUARY 1, 2017	PRINCIPAL ADDITIONS 2017	PRINCIPAL MATURITIES 2017	DEFEASED 2017	BALANCE DECEMBER 31, 2017
2017 Revenue Bonds	$ 12,000,000	10/4/2017	10/4/2019	$ 232,000	4.950%					
			10/4/2020	246,000	4.950%					
			10/4/2021	261,000	4.950%					
			10/4/2022	277,000	4.950%					
			10/4/2023	295,000	4.950%					
			10/4/2024	312,000	4.950%					
			10/4/2025	332,000	4.950%					
			10/4/2026	352,000	4.950%					
			10/4/2027	373,000	4.950%					
			10/4/2028	396,000	4.950%					
			10/4/2029	421,000	4.950%					
			10/4/2030	446,000	4.950%					
			10/4/2031	474,000	4.950%					
			10/4/2032	503,000	4.950%					
			10/4/2033	534,000	4.950%					
			10/4/2034	567,000	4.950%					
			10/4/2035	601,000	4.950%					
			10/4/2036	638,000	4.950%					
			10/4/2037	678,000	4.950%					
			10/4/2038	719,000	4.950%					
			10/4/2039	762,000	4.950%					
			10/4/2040	810,000	4.950%					
			10/4/2041	859,000	4.950%					
			10/4/2042	912,000	4.950%	$ -	$ 12,000,000	$ -	$ -	$ 12,000,000
Series 2017 City of Vineland Public Safety Project	21,935,000	12/12/2017	12/15/2021	640,000	5.000%					
			12/15/2022	610,000	5.000%					
			12/15/2023	680,000	5.000%					
			12/15/2024	715,000	5.000%					
			12/15/2025	750,000	5.000%					
			12/15/2026	785,000	5.000%					
			12/15/2027	825,000	5.000%					
			12/15/2028	865,000	4.000%					
			12/15/2029	900,000	4.000%					
			12/15/1930	935,000	4.000%					
			12/15/1931	975,000	4.000%					
			12/15/1932	1,015,000	4.000%					
			12/15/1933	1,055,000	3.250%					
			12/15/1934	1,090,000	3.250%					
			12/15/1935	1,125,000	3.250%					
			12/15/1936	1,160,000	3.250%					
			12/15/1937	1,200,000	3.250%					
			12/15/1938	1,235,000	3.375%					
			12/15/1939	1,280,000	3.375%					
			12/15/1940	1,320,000	3.375%					
			12/15/1941	1,365,000	3.375%					
			12/15/1942	1,410,000	3.375%		21,935,000			21,935,000
						$ 37,025,000	$ 44,093,515	$ 2,169,272	$ -	$ 78,949,243

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF LOANS PAYABLE
DECEMBER 31, 2017

	ORIGINAL ISSUE	DATE OF ISSUE	MATURITIES DATE	MATURITIES AMOUNT	INTEREST RATE	BALANCE JANUARY 1, 2017	ISSUED 2017	PAID 2017	REFUNDED 2017	BALANCE DECEMBER 31, 2017
2017 TD Loan Payable	$ 7,357,350	12/29/2017	12/1/2019	$ 56,465	3.860%					
			12/1/2020	62,622	3.860%					
			12/1/2021	65,922	3.860%					
			12/1/2022	68,549	3.860%					
			12/1/2023	71,280	3.860%					
			12/1/2024	73,345	3.860%					
			12/1/2025	77,043	3.860%					
			12/1/2026	80,113	3.860%					
			12/1/2027	83,305	3.860%					
			12/1/2028	85,884	3.860%					
			12/1/2029	90,047	3.860%					
			12/1/2030	93,634	3.860%					
			12/1/2031	97,365	3.860%					
			12/1/2032	100,545	3.860%					
			12/1/2033	105,251	3.860%					
			12/1/2034	109,445	3.860%					
			12/1/2035	113,806	3.860%					
			12/1/2036	117,689	3.860%					
			12/1/2037	123,030	3.860%					
			12/1/2038	127,932	3.860%					
			12/1/2039	133,030	3.860%					
			12/1/2040	137,734	3.860%					
			12/1/2041	143,819	3.860%					
			12/1/2042	149,549	3.860%					
			12/1/2043	155,508	3.860%					
			12/1/2044	161,174	3.860%					
			12/1/2045	168,126	3.860%					
			12/1/2046	174,826	3.860%					
			12/1/2047	181,792	3.860%					
			12/1/2048	188,581	3.860%					
			12/1/2049	196,550	3.860%					
			12/1/2050	204,381	3.860%					
			12/1/2051	212,525	3.860%					
			12/1/2052	220,628	3.860%					
			12/1/2053	229,784	3.860%					
			12/1/2054	238,940	3.860%					
			12/1/2055	248,461	3.860%					
			12/1/2056	258,100	3.860%					
			12/1/2057	268,645	3.860%					
			12/1/2058	279,350	3.860%					
			12/1/2059	290,481	3.860%					
			12/1/2060	301,916	3.860%					
			12/1/2061	314,085	3.860%					
			12/1/2062	326,600	3.860%					
			12/1/2063	339,614	3.860%					
			12/1/2064	29,879	3.860%	$ -	$ 7,357,350	$ -	$ -	$ 7,357,350
						$ -	$ 7,357,350	$ -	$ -	$ 7,357,350

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF CONDUIT DEBT
DECEMBER 31, 2017

ISSUE	DATE OF ISSUE	ISSUED AMOUNT	BALANCE JANUARY 1, 2017	BONDS ISSUED 2017	PRINCIPAL MATURITIES 2017	BALANCE DECEMBER 31, 2017
Guaranteed by Other Governmental Entities:						
Local Unit Program Bonds - City of Vineland Electric Utility Project, Series 2009A	10/1/2009	$ 6,445,000	$ 4,945,000	$	$ 500,000	$ 4,445,000
Local Unit Program Bonds - City of Vineland Electric Utility Project, Series 2009B	10/1/2009	53,555,000	53,555,000	.		53,555,000
Cumberland County General Obligation Bonds Technical High School Project, Series 2014	10/30/2014	63,890,000	62,210,000		1,745,000	60,465,000
			$ 120,710,000	$ -	$ 2,245,000	$ 118,465,000

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
ROSTER OF OFFICIALS
AS OF DECEMBER 31, 2017

The following officials were in office during the period under review:

Robert P. Nedohon, Jr.	Chairman
Albert B. Kelly	Vice Chairman
Dale K. Jones	Secretary
George M. Olivio	Treasurer
Andre Lopez	Assistant Treasurer
Gerard Velazquez, III	President, CEO
Archer & Greiner, P.C.	Solicitor
Phoenix Advisors	Financial Advisors

CRIME POLICY/EMPLOYEE DISHONESTY

Traveler’s Insurance Company

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
FINDINGS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2017

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* or with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None Noted.

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2017

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* or with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None Noted.

APPENDIX D
Form of Indenture

TRUST INDENTURE

between

THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION
as Trustee

Dated as of April 1, 2019

Relating to

$5,500,000
The Cumberland County Improvement Authority
County Guaranteed Revenue Bonds
(Administration Building Project), Series 2019

TABLE OF CONTENTS

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TRUST INDENTURE

This **TRUST INDENTURE** ("Indenture"), dated as of April 1, 2019, between **THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY**, a public body corporate and politic of the State of New Jersey ("Authority"), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, with trust and fiduciary powers in the State of New Jersey, being duly qualified to accept and administer the trusts created hereby ("Trustee"),

W I T N E S S E T H:

WHEREAS, The Cumberland County Improvement Authority, a public body corporate and politic and a political subdivision of the State of New Jersey ("State"), organized and existing under the Act (as hereinafter defined) and created pursuant to a resolution of the Board of Chosen Freeholders of the County of Cumberland, New Jersey ("County") adopted on December 30, 1980, and any successor to its duties and functions ("Authority"), is authorized by the County Improvement Authorities Law, constituting Chapter 183 of the Laws of 1960 of the State of New Jersey, as amended and supplemented (*N.J.S.A.* 40:37A-44 *et seq.*) ("Act"), to provide within the County or any beneficiary county, of a public facility for a combination of governmental and nongovernmental uses; provided that not more than 50% of the usable space in any such facility shall be made available for nongovernmental use under a lease or other agreement by or with the Authority; and

WHEREAS, the Authority has determined there exists a need for a new approximately 15,000 square foot administration building, which will be utilized to create office space for its officers and employees ("Facility"); and

WHEREAS, the Authority has determined pursuant to the Act to finance: (i) the construction of the Facility; (ii) the completion of such other improvements and work and acquisition of equipment and materials as may be necessary or appropriate in connection with the construction of the Facility (items (i) and (ii) shall be collectively referred to herein as the "Construction Project"); (iii) the costs and expenses incurred by the Authority in connection with the issuance and delivery of the Series 2019 Bonds (as hereinafter defined) (items (i) through (iii) shall collectively be referred to herein as, the "2019 Project"); and

WHEREAS, in furtherance thereof, the Authority has determined to issue and sell up to $5,500,000 aggregate principal amount of its Revenue Bonds (Administration Building Project), Series 2019, ("Series 2019 Bonds") to finance the certain costs of the 2019 Project; and

WHEREAS, the Authority has, pursuant to a Bond Resolution adopted on February 22, 2019, entitled "BOND RESOLUTION OF THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF UP TO $5,500,000 AGGREGATE PRINCIPAL AMOUNT OF THE AUTHORITY'S REVENUE BONDS (ADMINISTRATION BUILDING PROJECT), SERIES 2019, IN ONE OR MORE SERIES, ON A TAX-EXEMPT BASIS; MAKING CERTAIN DETERMINATIONS AND APPROVALS WITH RESPECT TO SAID BONDS; AND AUTHORIZING CERTAIN ACTIONS", ("Bond Resolution"), authorized, *inter alia*, the issuance of the Series 2019 Bonds to finance the costs of the 2019 Project; and

WHEREAS, in recognition of the importance of the 2019 Project, and to induce the prospective purchasers of the Series 2019 Bonds to purchase the same and provide additional security to the holders thereof, the County has determined, in accordance with an ordinance to be duly and finally adopted on February 19, 2019, pursuant to Section 37 of the Act, *N.J.S.A.* 40:37A-80, to unconditionally and irrevocably guaranty the punctual payment of the principal of and interest on the Series 2019 Bonds, when due, by the adoption of a guaranty ordinance ("County Guaranty"); and

WHEREAS, the Authority has applied to the Local Finance Board of the State Department of Community Affairs, Division of Local Government Services ("Local Finance Board"), pursuant to *N.J.S.A.* 40A:5A-6 and *N.J.S.A.* 40:37A-80, for positive findings for the undertaking and completion of the 2019 Project, the issuance of the Series 2019 Bonds to finance the costs thereof and for approval for the provision of the County Guaranty by the County and has received the requisite positive findings and approval from the Local Finance Board on February 13, 2019; and

WHEREAS, the Bonds shall be special, limited obligations of the Authority, payable solely from and secured by its interest in the Pledged Property (as defined herein), which shall include: (i) available revenues of the Authority, not previously pledged as security for any existing series bonds or which are hereafter pledged to any future series of bonds, and which available revenues are deposited by the Authority with the Trustee; (ii) the Funds and Accounts (each as hereinafter defined) established hereunder (other than the Rebate Fund (as hereinafter defined)), including Investment Securities (as hereinafter defined) held in any such Funds or Accounts; and (iii) all other moneys, securities or funds pledged for the payment of the principal or redemption price of and interest on the Series 2019 Bonds in accordance with the terms and provisions hereof; and

WHEREAS, all things necessary to make the Series 2019 Bonds, when authenticated by the Trustee and issued as provided in this Indenture, the valid, legal and binding obligations of the Authority and to constitute this Indenture a valid, legal and binding agreement and pledge of the property, rights, interests and revenues herein pledged and assigned, have been done and performed, and the execution and delivery of this Indenture and the issuance and delivery of the Series 2019 Bonds, subject to the terms hereof, have in all respects been duly authorized; and

NOW, THEREFORE, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Bonds (as defined herein) by the Owners (as defined herein) thereof, and of other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in order to secure the payment of the principal of, redemption premium, if any, and interest on all of the Bonds issued and Outstanding (as defined herein) under this Indenture from time to time according to their tenor and effect, and to secure the performance and observance by the Authority of all the covenants, agreements and conditions herein and in the Bonds contained, the Authority does hereby transfer, pledge and assign to the Trustee and its successors and assigns in trust forever, and does hereby grant a security interest unto the Trustee and its successors in trust and its assigns, in the Pledged Property, including any and all other property (real, personal or mixed) of every kind and nature from time to time hereafter by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security hereunder by the Authority or by anyone in its behalf or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof; and

TO HAVE AND TO HOLD, with all rights and privileges hereby transferred, pledged, assigned and/or granted or agreed or intended so to be, to the Trustee and its successors and assigns in trust forever; and

IN TRUST NEVERTHELESS, for the equal and ratable benefit and security of all present and future Owners of the Bonds, without preference, priority or distinction as to participation in the lien, benefit and protection hereof of one bond over or from the others, by reason of priority in the issue or negotiation or maturity thereof, or for any other reason whatsoever, except as herein otherwise expressly provided; and

PROVIDED, NEVERTHELESS, and these presents are upon the express condition that, if the Authority or its successors or assigns shall well and truly pay or cause to be paid the principal of such Bonds with interest, according to the provisions set forth in the Bonds or shall provide for the payment or redemption of such Bonds by depositing or causing to be deposited with the Trustee the entire amount of funds or securities requisite for payment or redemption thereof when and as authorized by the provisions hereof, and shall also pay or cause to be paid all other sums payable hereunder by the Authority then these presents and the estate and rights hereby granted shall cease, determine and become void, and thereupon the Trustee, on payment of its lawful charges and disbursements then unpaid, on demand of the Authority and upon the payment of the costs and expenses thereof, shall duly execute, acknowledge and deliver to the Authority such instruments of satisfaction or release as may be necessary or proper to discharge this Indenture of record, and if necessary shall grant, reassign and deliver to the Authority, its successors or assigns, all the property, rights, privileges and interests by it hereby granted, conveyed and assigned, and all substitutes therefor, or any part thereof, not previously disposed of or released as herein provided; otherwise this Indenture shall be and remain in full force and effect; and

NOW, THEREFORE, it is hereby expressly declared, covenanted and agreed by and between the parties hereto, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and that all the Pledged Property is to be held and applied under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Authority does hereby agree and covenant with the Trustee and with the respective Owners from time to time of the Bonds, as their interests may appear, as follows.

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ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

Section 101. **Definitions.** The following terms shall, for all purposes of this Indenture, have the following meanings:

Account or **Accounts** shall mean, as the case may be, each or all of the Accounts established and created under Article V of this Indenture.

Accountant's Certificate shall mean a certificate signed by an independent certified public accountant of recognized standing or a firm of independent certified public accountants of recognized standing, selected by the Authority, who may be the accountant or firm of accountants who regularly audit the books of the Authority.

Acquisition Fund shall mean the Fund so designated, created and established pursuant to Section 502(1) of this Indenture.

Act shall mean the County Improvement Authorities Law, constituting Chapter 183 of the Laws of 1960 of the State (*N.J.S.A.* 40:37A-44 *et seq.*), as amended and supplemented from time to time.

Article shall mean a specified Article hereof, unless otherwise indicated.

Authority shall have the meaning set forth in the Recitals to this Indenture.

Authorized Authority Representative shall mean any Person or Persons authorized to act on behalf of the Authority by a written certificate signed on behalf of the Authority by the Chairman or Vice Chairman of the Authority containing the specimen signature of each such Person.

Authorized County Representative shall mean any Person or Persons authorized to act on behalf of the County as shall be set forth in a written certificate signed on behalf of the County by the Freeholder Director, Administrator or Chief Financial Officer/Treasurer, which form of certificate is set forth as Exhibit "A" hereto.

Authorized Denominations shall mean $5,000 or any integral multiple thereof.

Authorized Newspaper shall mean *The Bond Buyer*, or any successor thereto, or any financial newspaper customarily published at least once a day for at least five (5) days (other than legal holidays) in each calendar week, printed in the English language and of general circulation in the Borough of Manhattan, County and State of New York.

Bond or **Bonds** shall mean, collectively: (i) the Series 2019 Bonds issued pursuant to Sections 201, 202 and 203 of this Indenture to provide funds to finance the Costs of the 2019 Project; and (ii) Refunding Bonds, if any.

Bond Counsel shall mean the law firm of Parker McCay P.A., Mount Laurel, New Jersey, or any other lawyer or firm of lawyers with experience and nationally recognized expertise in the field of municipal finance selected by the Authority and acceptable to the Trustee.

Bondholder, **Holder, Holder of Bonds** or **Owner** shall mean any Person who shall be the Registered Owner of any Bond or Bonds.

Bond Registrar shall mean the Trustee, its successors and assigns, or any other commercial bank or trust company organized under the laws of any state of the United States of America or national banking association appointed by the Authority to perform the duties of the Bond Registrar enumerated in Section 305 of this Indenture.

Bond Resolution shall mean the resolution adopted by the Authority on February 22, 2019, entitled, "BOND RESOLUTION OF THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF UP TO $5,500,000 AGGREGATE PRINCIPAL AMOUNT OF THE AUTHORITY'S REVENUE BONDS (ADMINISTRATION BUILDING PROJECT), SERIES 2019, IN ONE OR MORE SERIES, ON A TAX-EXEMPT BASIS; MAKING CERTAIN DETERMINATIONS AND APPROVALS WITH RESPECT TO SAID BONDS; AND AUTHORIZING CERTAIN ACTIONS", as the same may be amended, modified and supplemented in accordance with the provisions hereof.

Bond Year shall mean, with respect to the Series 2019 Bonds, each one (1) year period that ends on the day that is selected by the Authority. The first and last Bond Years may be short periods. If no day is selected by the Authority before the earlier of the final maturity date of the Series 2019 Bonds or the date that is five (5) years after the Issue Date, Bond Years shall end on each anniversary of the Issue Date and on the final maturity date of the Series 2019 Bonds. For each Series of Refunding Bonds, Bond Year shall be designated in the Supplemental Indenture pursuant to which such Series of Bonds is issued.

Business Day shall mean any day that is not a Saturday, a Sunday or a legal holiday in the State or the State of New York or a day on which the Trustee, the Bond Registrar, any Paying Agent, the County or the Authority is legally authorized to close.

Cede shall have the meaning set forth in Section 204(a) hereof.

Code shall mean the Internal Revenue Code of 1986, as amended from time to time, and the applicable regulations promulgated thereunder.

Completion Certificate shall mean the certificate executed by the Authority, wherein, with respect to the Construction Project, the Authority certifies as to such matters in satisfaction of the requirements of Section 503(4) hereof.

Completion Date shall mean the date of completion of the Construction Project as stated in the Completion Certificate.

Construction Project shall mean: (i) the acquisition of the Project Site; (ii) the costs of the development and construction of the Facility on the Project Site; (iii) the completion of such other improvements and work and acquisition of equipment and materials as may be necessary or appropriate in connection with the construction of the Facility.

Continuing Disclosure Agreement shall have the meaning set forth in Section 715 of this Indenture.

Cost or **Costs** shall mean and shall be deemed to include, with respect to the 2019 Project or any portion thereof, together with any other proper and reasonable item of cost not specifically mentioned herein, whether incurred prior to or after the date hereof: (i) the costs of payment of, or reimbursement for, the acquisition, improvement, installation and financing of such 2019 Project including, but not limited to, environmental or remediation costs, advances or progress payments, appraisals, engineering, design, site work, surveys, title insurance, demolition, construction and equipment costs, installation costs, administrative costs and capital expenditures relating to the 2019 Project, capitalized interest, financing payments, sales taxes, excise taxes, property taxes, costs of feasibility, environmental and other reports, inspection costs, permit fees, filing and recordation costs, printing costs for all documents, reproduction and binding costs, fees and charges of the Trustee pursuant to this Indenture, financing documents, legal fees and charges, financial, accounting and other professional consultant fees, all professional and consulting fees and charges of the Authority and the County, costs of rating agencies, bond insurance, bond insurers or credit ratings, fees for the printing, execution, transportation and safekeeping of the Bonds, and any charges and fees in connection with any of the foregoing; (ii) all other costs which the Authority shall be required to pay under the terms of any contract or contracts for the acquisition of the Construction Project including, but not limited to, the cost of insurance; (iii) any sums required to reimburse the Authority for advances made for any of the above items, or for any other costs incurred and for work done, which is properly chargeable to the Construction Project; (iv) deposits in any Fund or Account under this Indenture, all as shall be provided in herein; and (v) such other expenses not specified herein as may be necessary or incidental to the construction of the Construction Project, the financing thereof and the placing of the same in use and operation.

County shall mean the County of Cumberland, New Jersey.

County Guaranty shall mean the County's unconditional and irrevocable guaranty of the punctual payment when due of the principal of and interest on the Series 2019 Bonds duly adopted on February 19, 2019, pursuant to Section 37 of the Act (*N.J.S.A.* 40:37A-80), and entitled "AN ORDINANCE OF THE COUNTY OF CUMBERLAND, NEW JERSEY, AUTHORIZING THE GUARANTY OF THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON NOT EXCEEDING $5,500,000 AGGREGATE PRINCIPAL AMOUNT OF COUNTY GUARANTEED REVENUE BONDS (ADMINISTRATION BUILDING PROJECT), SERIES 2019, ISSUED BY THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY FOR THE PURPOSE OF PROVIDING ADDITIONAL SECURITY THEREFOR AND DETERMINING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH," as the same may be amended and supplemented in connection with the issuance of any Series of Refunding Bonds pursuant to the provisions hereof.

Debt Retirement Fund shall mean the Fund so designated, created and established pursuant to Section 502(5) of this Indenture.

Debt Service for any period shall mean, as of any date of calculation, with respect to a particular Series of Bonds, including the Series 2019 Bonds, an amount equal to the sum of:

(i) the interest accruing during such period on such Series of Bonds except to the extent such interest is to be paid from deposits made from Bond proceeds into the applicable Account in the Debt Service Fund; and (ii) that portion of each Principal Installment which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the immediately preceding Principal Installment due date or, if there should be no preceding Principal Installment due date, from a date one year (or such lesser period as shall be appropriate if Principal Installments shall become due more frequently than annually) preceding the due date of such Principal Installment or from the date of original issuance of a particular Series of Bonds, whichever is later. Such interest and Principal Installments for such Series of Bonds shall be calculated on the assumption that no Bonds Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof. The calculations in the preceding sentence shall be made on the basis of a 30-day month and a 360-day year.

Debt Service Fund shall mean the Fund so designated, created and established pursuant to Section 502(4) of this Indenture.

Debt Service Requirement with respect to the next Interest Payment Date for any Series of Bonds shall mean: (i) in the case of an Interest Payment Date on which interest only shall be due, interest accrued and unpaid and to accrue to such date; and (ii) in the case of an Interest Payment Date on which interest and/or a Principal Installment or Installments shall be due, interest accrued and unpaid and to accrue to such date, if any, *plus* the Principal Installment or Installments due on such date. The calculations in the preceding sentence shall be made on the basis of a thirty (30) day month and a three hundred sixty (360) day year.

Default Interest shall have the meaning given to such term in Section 308(2) hereof.

Default Interest Payment Date shall have the meaning given to such term in Section 308(2) hereof.

DTC shall mean The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, in its capacity as securities depository for any Series of Bonds authorized as book-entry Bonds pursuant to Section 204 hereof.

Event of Default shall have the meaning given to such term in Section 801 hereof.

Favorable Opinion of Bond Counsel shall mean an opinion of Bond Counsel, addressed to the Authority, the County and the Trustee, to the effect that the action proposed to be taken is authorized or permitted by this Indenture, any Supplemental Indenture and the Act and will not adversely affect the exclusion of interest on such Series of Bonds from gross income for purposes of Federal income taxation under Section 103 of the Code.

Fiduciary or **Fiduciaries** shall mean the Trustee, the Paying Agent, the Bond Registrar, the dissemination agent pursuant to the Continuing Disclosure Agreement, or any or all of them, as may be appropriate.

Fiscal Year shall mean the respective twelve (12) month fiscal periods of the County or the Authority, as applicable.

Fitch shall mean Fitch Ratings, a corporation organized and existing under the laws of the State of New York, and its successors and assigns, if any.

Fund or **Funds** shall mean, as the case may be, each or all of the Funds created and established in Section 502 of this Indenture; provided, however, that such Funds do not constitute "funds" in accordance with generally accepted accounting principles.

Government Obligations shall mean:

(a) direct obligations of, or obligations and the principal of and interest on which are unconditionally guaranteed as to full and timely payment by, the United States of America;

(b) obligations issued by a Person controlled or supervised by and acting as an instrumentality of the United States of America, the payment of the principal of and interest on which is fully and unconditionally guaranteed as a full faith and credit obligation of the United States of America (including any securities described in clause (a) above issued or held in book-entry form in the name of the Trustee only on the books of the Department of Treasury of the United States of America);

(c) any certificates or any other evidence of an ownership interest in obligations or specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in clause (a) or (b) above, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian;

(d) stripped obligations of interest issued by the Resolution Funding Corporation pursuant to the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA"), the interest on which, to the extent not paid from other specified sources, is payable when due by the Secretary of the Treasury pursuant to FIRREA; and

(e) obligations of any state or political subdivision thereof or any agency or instrumentality of such a state or political subdivision, provided that cash, obligations described in clauses (a), (b), (c) or (d) above, or a combination thereof have been irrevocably pledged to and deposited into a segregated escrow account for the payment when due of the principal or purchase, such obligations are rated AAA by Fitch, Aaa by Moody's or AAA by S&P.

Indenture shall mean this Trust Indenture, dated as of April 1, 2019, between the Authority and the Trustee, as amended, modified and supplemented in accordance with the provisions hereof.

[Insurer shall mean Build America Mutual Assurance Company, or any successor thereto.]

Interest Payment Date shall mean: (i) with respect to the Series 2019 Bonds, each March 15 and September 15, commencing September 15, 2019; and (ii) such other dates as shall be established by a Supplemental Indenture authorizing any Series of Refunding Bonds. In the event an Interest Payment Date is not a Business Day, interest shall be paid on the next succeeding Business Day for interest accrued to the Interest Payment Date.

Investment Securities shall mean with respect to moneys in any Funds, Accounts or Subaccounts invested under this Indenture, any of the following securities, if and to the extent the same are at the time of purchase legal for investment of Authority funds pursuant to the provisions of the Local Fiscal Affairs Law, specifically *N.J.S.A.* 40A:5-14 (legal depositories for public moneys) and *N.J.S.A.* 40A:5-15.1 (securities which may be purchased by local units), as same may be amended and supplemented from time to time:

As of the date of execution of this Indenture, the following investments and securities are currently permitted investments under the laws of the State for investment of the Authority's funds when authorized by a cash management plan approved pursuant to *N.J.S.A.* 40A:5-14:

a. The public depositories (as defined in *N.J.S.A.* 17:9-41) designated by the Authority in an approved cash management plan shall be authorized pursuant to *N.J.S.A.* 40A:5-14(i) to purchase certificates of deposit in accordance with the following conditions: (1) the funds are initially invested through the designated public depository; (2) the designated public depository arranges for the deposit of the funds in certificates of deposit in one or more federally insured banks or savings and loan associations, for the account of the Authority; (3) one hundred percent (100%) of the principal and accrued interest of each certificate of deposit is insured by the Federal Deposit Insurance Corporation; (4) the designated public depository acts as custodian for the Authority with respect to the certificates of deposit issued for the Authority's accounts; and (5) at the same time that the Authority's funds are deposited and the certificates of deposit are issued, the designated public depository receives an amount of deposits from customers of other banks and savings and loan associations, wherever located, equal to the amount of funds initially invested by the Authority through the designated public depository.

b. Pursuant to *N.J.S.A.* 40A:5-15.1, the following securities may be purchased which, if suitable for registry, may be registered in the name of the Authority:

(1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

(2) Government money market mutual funds;

(3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

(4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;

(5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the State Department of the Treasury for investment by local units;

(6) Local government investment pools;

(7) Deposits with the State Cash Management Fund established pursuant to Section 1 of P.L. 1977, c.281 (*N.J.S.A.* 52:18A-90.4); or

(8) Agreements for the repurchase of fully collateralized securities, if:

(a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of subsection a. hereof;

(b) the custody of collateral is transferred to a third party;

(c) the maturity of the agreement is not more than thirty (30) days;

(d) the underlying securities are purchased through a public depository as defined in Section 1 of P.L. 1970, c.236 (*N.J.S.A.* 17:9-41); and

(e) a master repurchase agreement providing for the custody and security of collateral is executed.

c. Any investment instruments in which the security is not physically held by the local unit shall be covered by a third party custodial agreement which shall provide for the designation of such investments in the name of the local unit and prevent unauthorized use of such investments.

d. Purchase of investment securities shall be executed by the "delivery versus payment" method to ensure that securities are either received by the local unit or a third party custodian prior to or upon the release of the local unit's funds.

e. Any investments not purchased and redeemed from the issuer, government money market mutual fund, local government investment pool or the State Cash Management Fund, shall be purchased and redeemed through the use of a national or State bank located within the State or through a broker-dealer which, at the time of purchase or redemption, has been registered continuously for a period of at least two years pursuant to Section 9 of P.L. 1967, c.93 (*N.J.S.A.* 49:3-56) and has at least $25 million in capital stock (or equivalent capitalization if not a corporation), surplus reserves for contingencies and undivided profits, or through a securities dealer who makes primary markets in U.S. Government securities and reports daily to the Federal Reserve Bank of New York its position in and borrowing on such U.S. Government securities.

f. For the purposes of this definition:

(1) a "government money market mutual fund" means an investment company or investment trust:

(a) which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940", 15 *U.S.C.* 80a-1 *et seq*., and operated in accordance with 17 *C.F.R.* §270.2a-7;

(b) the portfolio of which is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 *C.F.R.* §270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of subsection b. hereof; and

(c) which is rated by a nationally recognized statistical rating organization.

(2) a "local government investment pool" means an investment pool:

(a) which is managed in accordance with 17 *C.F.R.* §270.2a-7;

(b) which is rated in the highest category by a nationally recognized statistical rating organization;

(c) which is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 *C.F.R.* §270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of subsection a. hereof;

(d) which is in compliance with rules adopted pursuant to the "Administrative Procedure Act", P.L. 1968, c.410 (*N.J.S.A.* 52:14B-1 *et seq*.) by the Local Finance Board, which rules shall provide for disclosure and reporting requirements, and other provisions deemed necessary by the board to provide for the safety, liquidity and yield of the investments;

(e) which does not permit investments that: are subject to high price volatility with changing market conditions; cannot reasonably be expected, at the time of interest rate adjustment, to have a market value that approximates their par value; or utilize an index that does not support a stable net asset value; and

(f) which purchases and redeems investments directly from the issuer, government money market mutual fund, or the State Cash Management Fund, or through the use of a national or State bank located within the State, or through a broker-dealer which, at the time of purchase or redemption, has been registered continuously for a period of at least two years pursuant to Section 9 of P.L. 1967, c.93 (*N.J.S.A.* 49:3-56) and has at least $25 million in capital stock (or equivalent capitalization if not a corporation), surplus reserves for contingencies and undivided profits, or through a securities dealer who makes primary markets in U.S. Government securities and reports daily to the Federal Reserve Bank of New York its position in and borrowing on such U.S. Government securities.

g. Investments in, or deposits or purchases of financial instruments made pursuant to this Indenture shall not be subject to the requirements of the "Local Public Contracts Law", P.L. 1971, c.198 (*N.J.S.A.* 40A:11-1 *et seq*.).

Issue Date shall mean, the date on which the Trustee authenticates the applicable Series of Bonds and on which such Bonds are delivered to the purchasers thereof upon original issuance.

Month shall mean a calendar month.

Moody's shall mean Moody's Investors Services, Inc., a corporation organized and existing under the laws of the State of New York, and its successors and assigns, if any.

Operating Fund shall mean the Fund so designated, created and established pursuant to Section 502(3) of this Indenture.

Opinion of Counsel means an opinion in writing signed by legal counsel acceptable to the Authority who may be an employee of or counsel to the Authority.

Outstanding when used with reference to Bonds, shall mean, as of any date, Bonds theretofore or thereupon being authenticated and delivered under this Indenture except:

(i) Bonds canceled by the Trustee at or prior to such date;

(ii) Bonds (or portions of Bonds) for the payment of which moneys, equal to the principal amount or Redemption Price thereof, as the case may be, together with interest to accrue thereon to the date of maturity or redemption date, shall be held in an irrevocable trust under this Indenture and set aside for such payment or redemption (whether at or prior to the maturity date); provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given as specified in Article IV hereof;

(iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to Article III, Section 406 or after any action taken as provided in Articles XI and XII hereof and as described in Section 1005 hereof; and

(iv) Bonds deemed to have been paid as provided in Section 1101 hereof.

Paying Agent or **Paying Agents** shall mean any bank or trust company organized under the laws of any state of the United States or any national banking association designated as paying agent for the Bonds, and its successors and assigns appointed in the manner provided in this Indenture.

Person or **Persons** shall mean any individual, corporation, partnership, limited liability company, joint venture, trust or unincorporated organization or a governmental agency or any political subdivision thereof.

Pledged Property shall mean: (i) the Revenues; (ii) the Funds and Accounts established hereunder (other than the Rebate Fund), including Investment Securities held in any such Funds or Accounts; and (iii) all other moneys, securities or funds pledged for the payment of the principal or Redemption Price of and interest on the Bonds in accordance with the terms and provisions of this Indenture.

[Policy shall mean the Municipal Bond Insurance Policy issued by the Insurer that guarantees the scheduled payment of principal of and interest on the Series 2019 Bonds when due.]

Principal Installment shall mean, as of any date of calculation, and with respect to a particular Series of Bonds, so long as any Bonds thereof are Outstanding: (i) the principal amount of such Series of Bonds due on a certain future date for which no Sinking Fund Installments have been established plus any applicable redemption premium thereon; and (ii) any Sinking Fund Installments due on a certain future date for such Series of Bonds, if any, plus the amount of the sinking fund redemption premium, if any, which would be applicable upon redemption of such Series of Bonds on such future date in a principal amount equal to such Sinking Fund Installments.

Principal Installment Date shall mean: (i) with respect to the Series 2019 Bonds, each March 15, commencing March 15, 2020, on which any Principal Installment shall become due and payable by the Authority; or (ii) such other date as set forth in a Supplemental Indenture authorizing any other Series of Refunding Bonds. In the event a Principal Installment Date is not a Business Day, principal shall be paid on the next succeeding Business Day for the Principal Installment payable on the Principal Installment Date.

Proceeds shall mean any insurance, condemnation, performance bond, letter of credit or any other financial guaranty proceeds paid with respect to the Construction Project remaining after payment therefrom of all expenses incurred in the collection thereof; and, with respect to insurance.

Project Site shall mean certain real property located in the Township of Deerfield, County of Cumberland, New Jersey.

Rebate Fund shall mean the Fund so designated, created and established pursuant to Section 502(6) of this Indenture.

Record Date shall mean: (i) with respect to the Series 2019 Bonds, March 1 and September 1 next preceding any Interest Payment Date; or (ii) such other dates as set forth in a Supplemental Indenture authorizing any other Series of Refunding Bonds.

Redemption Price shall mean, with respect to any Bond, the principal amount thereof plus the applicable redemption premium thereon, if any, payable upon redemption thereof pursuant to such Bond or this Indenture or the applicable Supplemental Indenture whether such Redemption Price is expressed as a percentage of the principal amount of the Bond or otherwise.

Refunding Bonds shall mean any Bonds authenticated and delivered on original issuance pursuant to Section 205 hereof and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III, Section 406 or after any action taken as provided in Articles XI and XII hereof and as described in Section 1005 hereof.

Registered Owner shall mean the Owner of any Bond which is issued in fully registered form, as determined on the Record Date, as reflected on the registration books of the Authority which shall be kept and maintained on behalf of the Authority at the principal corporate trust office of the Bond Registrar.

Revenue Fund shall mean the Fund so designated, created and established pursuant to Section 502(2) of this Indenture.

Revenues shall mean: (i) available revenues of the Authority, not previously pledged as security for any existing series of bonds or which are hereafter pledged to any future series of bonds, and which available revenues are deposited by the Authority with the Trustee; (ii) any moneys or securities held pursuant to this Indenture and paid or required to be paid into the Debt Service Fund; (iii) any payments made by the County to the Authority pursuant to the Guaranty and Section 508(2) hereof; (iv) interest received on any moneys or Investment Securities held under this Indenture (other than in the Rebate Fund) and required to be paid into the Revenue Fund pursuant to this Indenture; and (v) any other amounts received from any other source by the Authority and pledged by the Authority as security for the payment of a particular Series of Bonds pursuant to a Supplemental Indenture.

Security Documents shall mean the Bond Resolution, this Indenture and/or any additional or supplemental document executed in connection with the Series 2019 Bonds.

Series shall mean all of the Bonds authenticated and delivered upon original issuance at one or more times pursuant to this Indenture and any Supplemental Indenture authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III, Section 406 or after any action taken as provided in Articles XI and XII hereof and as described in Section 1005 of this Indenture, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

Series 2019 Bonds shall mean all of the County Guaranteed Revenue Bonds (Administration Building Project), Series 2019, in the aggregate principal amount of $5,500,000.

Sinking Fund Installment shall mean that designated amount on deposit in the Debt Service Fund which shall be applied by the Trustee to the redemption of Bonds of any Series.

Special Record Date shall have the same meaning given to such term in Section 308 hereof.

Standard & Poor's or **S&P** shall mean S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, a corporation organized and existing under the laws of the State of New York, and its successors and assigns, if any.

State shall mean the State of New Jersey or any successor to its duties and functions.

Supplemental Indenture shall mean any indenture of trust supplemental to or amendatory of the Indenture entered into by the Authority and the Trustee in accordance with Section 10 hereof.

Trustee shall mean, with respect to the Series 2019 Bonds and any other Series of Bonds issued hereunder, U.S. Bank National Association, Edison, New Jersey and its successors and assigns or any other bank, trust company or national banking association that at any time may be substituted in its place pursuant to this Indenture or appointed trustee pursuant to a Supplemental Indenture.

2019 Project shall mean, collectively, the Costs of: (i) the Construction Project; and (ii) the costs of issuance with respect to the issuance and delivery of the Series 2019 Bonds, all as further set forth in the information submitted to the Authority in connection therewith or as previously discussed among the parties.

Underwriter shall mean the underwriter named in the bond purchase contract between the Authority and the Underwriter, dated the date of sale of the Series 2019 Bonds.

Yield shall mean that yield which when used in computing the present worth of all payments of principal of and interest on an obligation produces an amount equal to its purchase price. The Yield for the Bonds is to be computed in accordance with Treasury Regulations Section 1.148-4. The Yield on an investment is to be computed in accordance with Treasury Regulations Section 1.148-5.

Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, words importing persons shall include firms, associations, corporations, districts, agencies and bodies, and words of the masculine gender shall mean and include correlative words of the feminine and neuter gender and vice versa. All times referenced herein shall be to prevailing Eastern time unless otherwise specifically noted.

Section 1.02 Rules of Construction. For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires, the following rules of construction apply in construing the provisions of this Indenture:

(a) The terms defined in this Article I include the plural as well as the singular.

(b) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with GASB to the extent applicable.

(c) The words "herein," "hereof," "hereunder," "hereto" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

(d) The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

(e) Whenever an item or items are listed after the word "including," such listing is not intended to be a listing that excludes items not listed.

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ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

Section 201. Authorization of Bonds. 1. In accordance with the Act and pursuant to the provisions of this Indenture, there is hereby authorized to be issued a Series of Bonds of the Authority in an aggregate principal amount of $5,500,000 designated as "County Guaranteed Revenue Bonds (Administration Building Project), Series 2019". The Bonds shall be special and limited obligations of the Authority payable solely from Revenues and secured by the Pledged Property. All Bonds issued hereunder shall be guaranteed by the County and each Bond certificate shall bear upon its face such designation. The Series 2019 Bonds shall be substantially in the form set forth in Section 1201 of this Indenture, with appropriate insertions, omissions and variations.

2. The Bonds may, if and when authorized by the Authority pursuant to this Indenture and one or more Supplemental Indentures, be issued in one or more Series at one or more times, and the designation thereof, in addition to the name "County Guaranteed Revenue Bonds", shall include such further appropriate particular designation including, but not limited to "(Administration Building Project)" added to or incorporated in such title for the Bonds of any particular Series as the Authority shall determine herein and in any Supplemental Indenture with respect to such Series of Bonds. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

3. Nothing contained in this Indenture shall be deemed to preclude or restrict the consolidation pursuant to a Supplemental Indenture of any Bonds of two (2) or more separate Series authorized pursuant to such Supplemental Indenture to be issued pursuant to any of the provisions of Sections 202, 203 and 205 hereof into a single Series of Bonds for purposes of sale and issuance; provided that each of the tests, conditions and other requirements contained in Sections 202, 203, 204 and 205 hereof as applicable to each such separate Series shall be met and complied with. Except as otherwise provided in this subsection or in such Supplemental Indenture, such a consolidated Series shall be treated as a single Series for all purposes of this Indenture.

4. The Bonds shall not be in any way a debt or liability of the State or of any political subdivision thereof other than the Authority (limited solely to the Pledged Property) and, as applicable under and limited by the County Guaranty, the County, and shall not create or constitute any indebtedness, liability or obligation of the State or of any political subdivision thereof other than the Authority (limited solely to the Pledged Property) and, as applicable under and limited by the County Guaranty, the County, or be or constitute a pledge of the faith and credit of the State or of any political subdivision thereof other than, as applicable under and limited by the County Guaranty, the County.

Section 202. General Provisions for Issuance of Bonds. 1. All of the Bonds of each Series, including the Series 2019 Bonds, shall be executed by the Authority for issuance under this Indenture and shall be delivered to the Trustee. Thereupon the Trustee shall authenticate and shall deliver the Bonds to the Authority or upon its order, but only upon the receipt by the Trustee of:

(a) An opinion of Bond Counsel (dated the date the Bonds of such Series are initially issued and addressed to the Authority, together with a reliance letter addressed to the Trustee) to the effect that, *inter alia*, except insofar as it may be limited by bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights generally and the availability of any particular remedy: (i) the Authority has the right and the power under the Act, as amended to the date of such opinion, to enter into this Indenture; this Indenture has been duly and lawfully executed and delivered by the Authority, is in full force and effect, is valid and binding upon the Authority and is enforceable in accordance with its terms and no other authorization for the execution and delivery of this Indenture is required; (ii) this Indenture creates the valid pledge that it purports to create on the Pledged Property; and (iii) the Bonds of such Series are valid, binding, special and limited obligations of the Authority as provided in this Indenture, enforceable in accordance with their terms and the terms of this Indenture and entitled to the benefits of this Indenture and of the Act, as amended to the date of such opinion, and such Bonds have been duly and validly authorized and issued in accordance with applicable law, including the Act as amended to the date of such opinion, and in accordance with this Indenture;

(b) A written order as to the delivery of such Series of Bonds signed by an Authorized Authority Representative, which order shall: (i) direct the application of the proceeds of such Series of Bonds; and (ii) set forth the maturity schedule for said Series of Bonds and the interest rate or rates payable with respect thereto;

(c) A copy, duly certified by an Authorized Authority Representative, of the Bond Resolution authorizing *inter alia*, the execution of this Indenture (or any Supplemental Indenture), and the bond purchase contract with the Underwriter;

(d) A fully executed copy of this Indenture (or any supplement or amendment thereto);

(f) Certified copies of the Guaranty, along with certified copies of the authorization proceedings related thereto;

(g) A certified copy of the Continuing Disclosure Agreement;

(h) A fully executed copy of the contract of purchase, private placement agreement or other similar instrument prepared in connection with the competitive or negotiated sale of such Series of Bonds executed by and between the Authority and the Underwriter of such Bonds;

(i) An executed copy of Form 8038-G as required by Section 149(e) of the Code with respect to any Series of Tax-Exempt Obligations;

(j) Except in the case of the Series 2019 Bonds, a certificate of an Authorized Authority Representative stating that the Authority is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in this Indenture;

(k) For any Series of Refunding Bonds, prior to the authentication and delivery of such Series of Refunding Bonds, provision shall have been made for an amendment of the County Guaranty to provide for the guaranty by the County of the timely payment when due of the principal of and interest on such Series of Refunding Bonds, in the same manner as set forth in the County Guaranty with respect to the Series 2019 Bonds. Evidence of such guaranty shall be printed on each of the Refunding Bond certificates, as the case may be, and shall be in substantially the form set forth in Section 1203 hereof and shall be duly executed and attested by the manual or facsimile signature of an Authorized County Representative. Any payments which are made by the County pursuant to the terms of such guaranty shall be made to the Trustee and shall thereafter be deposited by the Trustee in the Debt Service Fund in accordance with the terms of Section 508(3) hereof;

(l) An opinion of County Counsel and/or County Bond Counsel (dated the date the Bonds are initially issued) to the effect that (i) the County has the right and power under the Act to adopt the County Guaranty and the County Guaranty has been duly and lawfully adopted by the County, is in full force and effect and is valid and binding upon the County enforceable in accordance with its terms and no other authorization for the County Guaranty is required; (ii) the County Guaranty is the valid binding, general obligation of the County enforceable in accordance with its terms and payments thereunder are payable out of the first funds becoming legally available to the County for such purpose and if such funds are not available, the County has the power and is obligated to levy *ad valorem* taxes upon all the taxable real property within the jurisdiction of the County for the purpose of making payments under the County Guaranty, without limitation as to rate or amount; and (iii) the County Guaranty has been duly and validly authorized and issued in accordance with applicable law, including the Act and the Local Bond Law (*N.J.S.A.* 40A:2-1 *et seq*.), and is in full force and effect on the date of issuance of the Bonds, provided that such opinion may take exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization or other laws and equitable principles affecting creditors' rights generally and that no opinion is being rendered as to the availability of any particular remedy; and

(m) Such further documents, moneys and securities as are required by the provisions of Sections 203, 205 or Article X or any Supplemental Indenture entered into pursuant to Article X hereof.

2. All of the Bonds of each Series of like maturity shall be identical in all respects, except as to such further name designation incorporated in the title for the Bonds of each Series, denominations, maturity date, interest rates, numbers and letters. After the original issuance of the Bonds of any Series, no Bonds of such Series shall be issued except in lieu of or in substitution for other Bonds of such Series pursuant to Article III, Section 406 or after any action taken as provided in Articles XI and XII hereof and as described in Section 1005 hereof.

Section 203. The Series 2019 Bonds. 1. The Series 2019 Bonds shall be issued, authenticated and delivered to finance the Costs of the 2019 Project.

2. Pursuant to the provisions of this Indenture, the Series 2019 Bonds are entitled to the benefit, protection and security of the provisions hereof and are hereby authorized to be issued in an aggregate principal amount of $5,500,000. The Series 2019 Bonds shall be designated as and shall be distinguished from the Bonds of all other Series by the title "County Guaranteed Revenue Bonds (Administration Building Project), Series 2019".

3. The Series 2019 Bonds are hereby authorized to be issued and secured hereunder and shall bear interest payable semiannually on March 15 and September 15 of each year, commencing on September 15, 2019, at the rates per annum set forth below and shall mature on March 15 (subject to prior redemption as provided in Article III) of each year in the years and in the principal amounts as follows:

Due (March 15)	**Principal Amount**	**Interest Rate**	**Due (March 15)**	**Principal Amount**	**Interest Rate**
2020	$	%	2031	$	%
2021			2032		
2022			2033		
2023			2034		
2024			2035		
2025			2036		
2026			2037		
2027			2038		
2028			2039		
2029			2044		
2030			2049		

4. The Series 2019 Bonds shall be issued in fully registered, book-entry only form in Authorized Denominations. Unless the Authority shall otherwise direct the Bond Registrar, the Series 2019 Bonds shall be lettered and numbered from one upward in order of maturities preceded by the letter "R," and/or such other letter or letters as determined by the Trustee, prefixed to the number. Subject to the provisions of this Indenture, the form of the Series 2019 Bonds and the Trustee's certificate of authentication and evidence of the Guaranty of the County shall be substantially in the form set forth in Sections 1301 and 1302, respectively, hereof.

5. The principal of the Series 2019 Bonds shall be payable, upon presentation and surrender thereof, at the principal corporate trust office of the Paying Agent for the Series 2019 Bonds. The principal or Redemption Price of the Series 2019 Bonds shall also be payable

on the applicable Principal Installment Date at any other place which may be provided for such payment by the appointment of any other Paying Agent or Paying Agents as permitted by this Indenture. Interest on the Series 2019 Bonds shall be payable by check of the Trustee, mailed or transmitted, on each applicable Interest Payment Date or the maturity date, as the case may be, to the Registered Owners thereof as the same appear as of the Record Date on the books of the Authority maintained by the Trustee; provided, however, that a Registered Owner of $1,000,000 or more in principal amount of the Series 2019 Bonds shall be entitled, upon three (3) Business Days' written notice to the Trustee in advance of the applicable Record Date, to receive interest payments by wire transfer of immediately available funds.

6. The proceeds of the Series 2019 Bonds shall be paid to the Trustee and applied in accordance with an order of the Authority simultaneously with the delivery thereof as follows:

(a) an amount equal to $__________ for the payment of the costs of issuance related to the issuance and sale of the Series 2019 Bonds shall be deposited in the Operating Fund and paid in accordance with Section 505(2) hereof;

(b) the balance of the proceeds of the Series 2019 Bonds in the amount of $__________ shall be deposited into the Acquisition Fund, which Fund is created and established pursuant to Section 502(1) hereof.

Section 204. Book-Entry System.

(a) With respect to the Series 2019 Bonds and each other Series of Bonds for which the authorizing resolution so provides, except as provided in subsection (c) of this Section 204, the registered Holder of all of the Bonds shall be, and the Bonds shall be registered in the name of, Cede & Co. ("Cede"), as nominee of DTC. With respect to all Bonds for which Cede shall be the registered Holder, payment of semiannual interest on such Bonds shall be made by wire transfer of same day funds to the account of Cede on the Interest Payment Dates for the Bonds at the address indicated for Cede in the registration books of the Authority kept by the Bond Registrar.

(b) The Bonds shall be initially issued in the form of a separate fully registered bond in the amount of each separate serial or term maturity of each Series of Bonds. Upon initial issuance, the ownership of each such Bond shall be registered in the registration books of the Authority kept by the Bond Registrar in the name of Cede, as nominee of DTC. With respect to Bonds so registered in the name of Cede, the Authority and the Trustee shall have no obligation or responsibility to any DTC participant, indirect DTC participant or any beneficial owner of the Bonds. Without limiting the generality of the foregoing, the Authority and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any DTC participant or indirect DTC participant with respect to any beneficial ownership interest in the Bonds, (ii) the delivery to any DTC participant, indirect DTC participant, beneficial owner or any other Person, other than DTC or Cede, of any notice with respect to such Bonds, or (iii) the payment to any DTC participant, indirect DTC participant, beneficial owner or any other Person, other than DTC or Cede, of any amount with respect to the principal of, redemption premium, if any, or interest on such Bonds. The Authority and the Trustee may treat as, and deem DTC to be, the absolute registered Holder of each such Bond for the purpose of (i) payment of the principal of, redemption premium, if any, and interest on each such Bond, (ii) giving notices with respect to such Bonds, (iii) registering transfers with respect to the Bonds and (iv) for all other purposes whatsoever. The Trustee shall pay the principal of, redemption premium, if any, and interest on such Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to such principal of, redemption premium, if any, and interest to the extent of the sum or sums so paid. No Person other than DTC shall receive a Bond certificate evidencing the obligation of the Authority to make payments of principal thereof, redemption premium, if any, and interest thereon pursuant to this Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, and subject to the transfer provisions hereof, the word "Cede" in this Indenture shall refer to such new nominee of DTC.

(c) (1) DTC may determine to discontinue providing its services with respect to any Series of Bonds at any time by giving written notice to the Authority and discharging its responsibilities with respect thereto under applicable law. Upon receipt of such notice, the Authority shall promptly deliver a copy of same to the Trustee.

(2) The Authority, (i) in its sole discretion and without the consent of any other Person, may terminate the services of DTC with respect to any Series of Bonds, and (ii) shall terminate the services of DTC with respect to such Bonds upon receipt by the Authority and the Trustee of written notice from DTC to the effect that DTC has received written notice from DTC participants or indirect DTC participants having interests, as shown in the records of DTC, of not less than fifty percent (50%) of the aggregate principal amount of the then Outstanding Bonds so registered in the name of Cede to the effect, that (A) DTC is unable to discharge its responsibilities with respect to such Bonds; or (B) a continuation of the requirement that all such Outstanding Bonds be registered in the registration books kept by the Trustee in the name of Cede, as nominee of DTC, is not in the best interest of the beneficial owners of such Bonds.

(3) Upon the termination of the services of DTC with respect to all or any portion of such Bonds pursuant to subsection (c)(2)(i) or (c)(2)(ii)(A) hereof, or upon the discontinuance or termination of the services of DTC with respect to all or any portion of such Bonds pursuant to subsection

(c)(1) or subsection (c)(2)(ii)(B) hereof, after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the Authority, is willing and able to undertake such functions upon reasonable and customary terms, such Bonds (or the applicable portion thereof) shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede, as nominee of DTC, but may be registered in whatever name or names Bondholders transferring or exchanging such Bonds, as the case may be, shall designate, in accordance with the provisions of this Indenture. Upon the determination by any party authorized herein that such Bonds (or any portion thereof) shall no longer be limited to book-entry form, the Authority shall immediately advise the Trustee, in writing, of the procedures for transfer of such Bonds from such book-entry form to a fully registered form.

(d) Notwithstanding any other provision of this Indenture to the contrary, so long as any Series of Bonds is registered in the name of Cede, as nominee of DTC, all payments with respect to the principal of, redemption premium, if any, and interest on, and all notices with respect to, such Bonds shall be made and given, respectively, to DTC as provided in the Letter of Representations of the Authority and the Trustee, addressed to DTC, with respect to such Bonds.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to this Indenture by the Authority or the Trustee with respect to any consent or other action to be taken by Bondholders, the Authority or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

Section 205. Refunding Bonds. 1. One or more Series of Refunding Bonds may be authorized and delivered upon original issuance to refund all or any portion (as determined by the Authority) of the callable maturities of any portion of any Outstanding Bonds or any Series thereof, including one or more maturities within such Series of Bonds, upon compliance with the terms and conditions set forth in subsection 2 of this Section 205 and in Section 202 hereof.

2. Prior to or simultaneously with the delivery of each such Series of Refunding Bonds pursuant to subsection 1 of this Section 205, the Trustee shall receive, in addition to the items required by Section 202 hereof:

(a) irrevocable written instructions to the Trustee, satisfactory to it, to give due notice of redemption of all or any portion of the Outstanding Bonds (or any Series thereof), if any, to be redeemed on a redemption date specified in such instructions;

(b) if the Bonds to be refunded are not by their terms subject to redemption within the next succeeding sixty (60) days, irrevocable written instructions to the Trustee, satisfactory to it, to make due provision for the notice provided for in Section 405 to the Holders of such Bonds being refunded, except in the case where any Series of Bonds is not by its terms subject to redemption;

(c) either: (i) moneys in an amount sufficient to effect payment at the applicable Redemption Price of the those Bonds, if any, to be refunded and redeemed or the principal amount of those Bonds, if any, to be refunded and paid at maturity, together with accrued interest on such Bonds to be refunded to the redemption or maturity date, which moneys shall be held by the Trustee, or any one or more of the Paying Agents, in a separate account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded; or (ii) Investment Securities in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications as shall be necessary to comply with the provisions of subsection 2 of Section 1101, and any moneys required pursuant to said subsection 2, which Investment Securities and moneys shall be held in trust and used only as provided in said subsection 2 and including a verification report to the same effect;

(d) a certified copy of the ordinance or resolution authorizing the County Guaranty for such Series of Refunding Bonds along with duly certified copies of the authorization proceedings related thereto.

3. The proceeds, including accrued interest, of the Refunding Bonds of such Series shall be applied simultaneously with the delivery of such Refunding Bonds, as provided in the Supplemental Indenture authorizing such Refunding Bonds.

4. Upon the defeasance of the Bonds being refunded, the refunded Bonds shall no longer be entitled to the benefit of the County Guaranty for the refunded Bonds and such Guaranty shall be released and extinguished with respect to such refunded Bonds.

Section 206. Determination of Interest Payable. The Bonds shall bear interest from the most recent Interest Payment Date next preceding the date of such Bonds to which interest has been paid, unless the date of such Bond is an Interest Payment Date, in which case interest shall be payable from such date, or unless the date of such Bond is prior to the first Interest Payment Date of the Bonds, in which case interest shall be payable from the dated date of the Bonds, or unless the date of such Bond is between a Record Date, and the next succeeding interest payment date, in which case from such interest payment date.

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ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

Section 301. Obligation of Bonds; Medium of Payment; Form and Date. 1. The Bonds shall be special and limited obligations of the Authority payable, with respect to principal or Redemption Price and interest, solely from Revenues and secured by the Pledged Property, which under the Act and this Indenture may be used for the payment of principal or Redemption Price of and interest on the Bonds.

2. The Bonds shall be payable with respect to principal and interest in any coin or currency of the United States of America that at the time of payment is legal tender for the payment of public and private debts.

3. All Bonds of each Series shall be issued in the form of fully registered Bonds. The Bonds of each Series shall be substantially in the form required by Article XII hereof or substantially in the form set forth in the Supplemental Indenture authorizing such Series.

4. Each Bond shall be lettered and numbered as provided in this Indenture or the Supplemental Indenture authorizing the Series of which such Bond is a part so as to be distinguished from every other Bond.

5. The Series 2019 Bonds upon original issuance shall be dated as provided in this Indenture. Refunding Bonds shall be dated as provided in a Supplemental Indenture. Principal of the Bonds shall be payable at maturity upon presentation and surrender thereof at the office of the Paying Agent. Bonds shall bear interest as provided herein or in the Supplemental Indenture authorizing such Series of Bonds, payable by check, except as provided in Section 204 hereof, to Registered Owners of such Bonds as of the Record Date provided for such Bonds at their addresses on file with the Trustee who shall be designated the Bond Registrar hereunder. After original issuance, all Bonds exchanged or transferred shall bear an authentication date that shall be the date authenticated. Interest on Bonds shall accrue from the Interest Payment Date to which interest has been paid next preceding the authentication date unless: (i) the date of authentication is also an Interest Payment Date to which interest has been paid, in which event such Bonds shall be dated and shall bear interest from the date of authentication; or (ii) the date of authentication is prior to the first Interest Payment Date, in which event such Bonds shall bear interest from the original dated date of such Bonds; provided however that if, as shown on the records of the Trustee, interest on the Bonds of any Series shall be in default, Bonds of such Series issued in lieu of Bonds surrendered for transfer or exchange may be dated as of the date to which interest has been paid in full on the Bonds surrendered.

Section 302. Legends. 1. The Bonds of each Series may contain or may have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Indenture or a Supplemental Indenture as may be necessary or desirable to comply with the custom or rules of any securities exchange or commission or brokerage board or otherwise as may be determined by the Authority prior to the authentication and the delivery thereof.

2. Each Series of Bonds shall bear thereon evidence of the County Guaranty in the form set forth in Section 1201 of this Indenture, which shall be executed by an Authorized County Representative as set forth therein. The County Guaranty upon any Bond duly executed by an Authorized County Representative shall be conclusive evidence that the Holder thereof is entitled to the benefits of the County Guaranty.

Section 303. Execution of Bonds. The Bonds shall be executed in the name of the Authority by the manual or facsimile signature of its Chairman or Vice Chairman and its corporate seal shall be thereunto affixed, imprinted or otherwise reproduced and attested by the manual or facsimile signature of the Secretary or Assistant Secretary of the Authority. In the event any officer who shall have signed, sealed or attested any of the Bonds shall cease to be such officer of the Authority before the Bonds so signed, sealed or attested shall have been authenticated and delivered by the Trustee or by the Bond Registrar, such Bonds nevertheless may be authenticated and delivered as herein provided as if the Person who so signed, sealed or attested such Bonds had not ceased to be such officer. Any Bond of a Series may be signed, sealed or attested on behalf of the Authority by any Person who shall hold the proper office at the date of such act, notwithstanding at the date of such Bonds such Person may not have held such office.

Section 304. Authentication of Bonds. The Bonds of each Series shall bear thereon a certificate of authentication, substantially in the form set forth in Section 1202 hereof, duly executed upon issuance by the Trustee or the Bond Registrar. Only such Bonds as shall bear thereon such certificate of authentication, duly executed, shall be entitled to any right or benefit under this Indenture. No Bond shall be valid or obligatory for any purpose unless such certificate of authentication upon such Bond shall have been duly executed by the Trustee, or by the Bond Registrar, as the case may be. Such certificate of authentication by the Trustee or by the Bond Registrar, as the case may be, upon any Bond executed on behalf of the Authority shall be conclusive and the only evidence that the Bond so authenticated has been duly authenticated and delivered under this Indenture and that the Holder thereof is entitled to the benefit of this Indenture.

Section 305. Transfer, Exchange and Registry of Bonds and Agency Therefor. 1. The Authority shall cause and hereby appoints the Bond Registrar as its agent to maintain and to keep books for the registration, the exchange and the transfer of Bonds. Upon presentation of Bonds for transfer or exchange at the designated office of the Bond Registrar, together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Holder or by his attorney duly authorized in writing, the Bond Registrar shall register or shall cause to be registered and shall permit to be transferred thereon or to be exchanged any Bond entitled to registration, transfer or exchange. Upon the transfer or exchange of any Bond, the Authority shall execute, and the Trustee or the Bond Registrar shall authenticate and shall deliver a new Bond or Bonds of such Series in any Authorized Denomination registered in the name of the Holder or transferee of the same aggregate principal amount, Series designation and maturity as the surrendered Bond.

2. The Authority and each Fiduciary may deem and treat the Person in whose name any Bond shall be registered upon the books of the Authority as the absolute Owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price of and interest on such Bond and all such

payments so made to any such Registered Owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Authority nor any Fiduciary shall be affected by any notice to the contrary. The Authority agrees to indemnify and save each Fiduciary harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without gross negligence or willful misconduct under this Indenture, in so treating such Registered Owner.

3. All Bonds surrendered in any such exchanges or transfers shall forthwith be delivered to the Bond Registrar and canceled or retained by the Bond Registrar. For every such exchange or transfer of Bonds, whether temporary or definitive, the Authority or the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the Authority nor the Bond Registrar shall be required: (i) to exchange or transfer the Bonds of any Series for a period beginning on the Record Date next preceding an Interest Payment Date for Bonds of a particular Series and ending on such Interest Payment Date, or for a period of fifteen (15) days next preceding the date (as determined by the Trustee) of any selection of Bonds to be redeemed and thereafter until after the mailing of the notice of redemption; or (ii) to transfer or exchange any Bonds called for redemption.

Section 306. Reissuance of Mutilated, Destroyed, Stolen or Lost Bonds. In case any Outstanding Bond shall be mutilated, destroyed, stolen or lost, the Authority shall execute and the Trustee or the Bond Registrar, as the case may be, shall authenticate and shall deliver a new Bond, of like tenor, number, Series designation and amount as the Bond so mutilated, destroyed, stolen or lost in exchange and in substitution for and upon surrender of such mutilated Bond or in lieu of and in substitution for the Bond, if any, destroyed, stolen or lost upon filing with the Trustee and the Bond Registrar evidence satisfactory to the Authority, the Trustee and the Bond Registrar that such Bond had been destroyed, stolen or lost and proof of ownership thereof, upon furnishing the Authority, the Trustee and the Bond Registrar with indemnity satisfactory to them, upon paying such expenses as the Authority, the Trustee and the Bond Registrar may incur in connection therewith and upon complying with such other reasonable regulations as the Authority, the Trustee and the Bond Registrar may prescribe. In lieu of reissuing a mutilated, destroyed, lost or stolen Bond that is due and payable, the Trustee and the Bond Registrar may pay the amount due on such Bond to the Owner or the Holder thereof, provided all the other requirements of this Section 306 have been met. Any Bond surrendered for transfer shall be canceled by the Trustee. Any such new Bonds issued pursuant to this Section 306 in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the Authority, whether or not the Bonds so alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Bonds issued under this Indenture, in any moneys or securities held by the Authority or any Fiduciary for the benefit of the Bondholders.

Section 307. Temporary Bonds. Until the definitive Bonds are prepared, the Authority may execute in the same manner as is provided in Section 303 hereof and, upon the request of the Authority, the Trustee or Bond Registrar shall authenticate and shall deliver in lieu of definitive Bonds but subject to the same provisions, limitations and conditions as the definitive Bonds except as to the denominations thereof and as to exchangeability for registered Bonds, one or more temporary Bonds of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in Authorized Denominations and with such omissions, insertions and variations as may be appropriate to temporary Bonds for notation thereon of the payment of such interest. The Authority at its own expense shall prepare and shall execute and, upon the surrender for exchange and for cancellation of such temporary Bonds, the Trustee or the Bond Registrar shall authenticate and shall deliver in exchange therefor definitive Bonds of the Authority without charge to the Holder thereof.

Section 308. Payment of Interest on Bonds; Interest Rights Preserved. 1. Interest on any Bond which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Bond is registered at the close of business on the Record Date or any date which is the fifteenth (15th) day next preceding an Interest Payment Date as shall be provided in a Supplemental Indenture authorizing any Series of Bonds.

2. Any interest on any Bond which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (hereinafter **"Default Interest"**) shall forthwith cease to be payable to the Registered Owner on the relevant Record Date by virtue of having been such Owner; and such Default Interest shall be paid by the Authority to the Persons in whose names the Bonds are registered at the close of business on a date (hereinafter the **"Special Record Date"**) for the payment of such Default Interest, which shall be fixed in the following manner. The Authority shall notify the Trustee, in writing, of the amount of Default Interest proposed to be paid on each Bond and the date of the proposed payment (**"Default Interest Payment Date"**) (which date shall be not less than twenty-five (25) days after such notice), and at the same time the Authority shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Default Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Default Interest herein provided. Thereupon, the Trustee shall fix a Special Record Date for the payment of such Default Interest, which Special Record Date shall be not more than fifteen (15) nor less than ten (10) days prior to the Default Interest Payment Date, and which Special Record Date shall be fixed by the Trustee within ten (10) days after the receipt by the Trustee of the notice of the proposed payment from the Authority. The Trustee shall promptly notify the Authority of such Special Record Date and Default Interest Payment Date and, in the name and at the expense of the Authority, shall cause notice of the proposed payment of such Default Interest and the Special Record Date and Default Interest Payment Date therefor to be mailed, first class postage prepaid, to each Bondholder at his address as it appears in the registry books, not less than ten (10) days prior to such Special Record Date.

Subject to the foregoing provisions of this Section 308, each Bond delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Bond shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond.

Section 309. Cancellation and Destruction of Bonds. All Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment is made, and such Bonds shall thereupon be promptly canceled. Bonds so canceled may at any time be destroyed by the Trustee, who shall execute a certificate of destruction in duplicate by the signature of one of its authorized officers describing the Bonds so destroyed, and one executed certificate shall be filed with the Authority and the other executed certificate shall be retained by the Trustee.

ARTICLE IV

REDEMPTION OF BONDS

Section 401. Privilege of Redemption and Redemption Price. Bonds subject to redemption prior to maturity pursuant to this Indenture or a Supplemental Indenture shall be redeemable, upon notice as provided in this Article IV, at such times, at such Redemption Prices and upon such terms, in addition to the terms contained in this Article IV, as may be specified in the Supplemental Indenture authorizing such Refunding Bonds. The written direction of the Authority to effectuate a redemption of any Series of Bonds, except for the redemption of Bonds pursuant to mandatory sinking fund redemption, shall be received by the Trustee prior to the mailing of the notice of redemption in accordance with Section 405 hereof. Except as may be otherwise provided in a Supplemental Indenture authorizing a Series of Refunding Bonds, any Series of Bonds may be redeemed in whole or in part on any date by the Authority in accordance with this Indenture or a Supplemental Indenture, as applicable.

Section 402. Redemption at the Election or Direction of the Authority. In the case of any redemption of Bonds (including any Series thereof) by the Authority, the Authority shall give written notice to the Trustee, except for the redemption of Bonds pursuant to mandatory sinking fund redemption, in accordance herewith, of the redemption date, of the Series, and of the principal amounts of the Bonds of each maturity of such Series to be redeemed (which Series, maturities and principal amounts thereof to be redeemed shall be determined by the Authority, subject to any limitations with respect thereto contained in this Indenture). Such notice shall be given at least forty-five (45) days prior to the redemption date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as in Section 405 provided, there shall be paid on or prior to the redemption date to the appropriate Paying Agents an amount in cash or noncallable Investment Securities which, in addition to other moneys, if any, available therefor held by such Paying Agents, will be sufficient to redeem on the redemption date at the Redemption Price thereof, plus interest accrued thereon and unpaid to the redemption date, all of the Bonds to be so redeemed. The Authority shall promptly notify the Trustee, in writing, of all such payments by it to such Paying Agents.

Section 403. Redemption Otherwise Than at the Authority's Election or Direction. Whenever by the terms of this Indenture the Trustee is required or authorized to redeem Bonds otherwise than at the election or direction of the Authority, the Trustee shall: (i) select the Bonds or portions of Bonds to be redeemed; (ii) give the notice of redemption; and (iii) pay out of moneys available therefor the Redemption Price thereof, plus interest accrued thereon and unpaid to the redemption date, to the appropriate Paying Agents in accordance with the terms of this Article IV.

Section 404. Selection of Bonds to be Redeemed. Unless otherwise provided in this Indenture, if less than all of the Bonds of a Series of like maturity shall be called for prior redemption, the particular Bonds or portions of Bonds of a Series to be redeemed shall be selected at random by the Trustee; provided, however, that the portion of any Bond of a Series of a denomination of more than $5,000 to be redeemed shall be in the principal amount of $5,000 or a multiple thereof, and that, in selecting portions of such Bonds of a Series for redemption, the Trustee shall treat each such Bond of a Series as representing that number of Bonds of such

Series of $5,000 denomination which is obtained by dividing by $5,000 the principal amount of such Bond of the Series to be redeemed in part.

Section 405. Notice of Redemption. When the Trustee shall receive notice from the Authority of its election or direction to redeem Bonds pursuant to Section 402 hereof, except for the redemption of Bonds pursuant to mandatory sinking fund redemption, and when redemption of Bonds is authorized or required pursuant to Section 403 hereof, the Trustee shall give notice, in the name of the Authority, of the redemption of such Bonds, which notice shall specify the Series designation and maturities of the Bonds to be redeemed, the Redemption Price, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds of any like Series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal amount thereof in the case of Bonds to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be mailed by the Trustee, via first class mail, postage prepaid, not less than thirty (30) days nor more than sixty (60) days prior to the redemption date, to the Registered Owners of any Bonds or portions of Bonds which are to be redeemed, at their last addresses appearing upon the registry books. Failure to give notice by mail, or any defect in the notice to the Registered Owner of any Bonds which are to be redeemed, shall not affect the validity of the proceedings for the redemption of any other Bonds.

Any notice of redemption of the Bonds may state that it is conditioned upon there being available on the redemption date an amount of money sufficient to pay the Redemption Price, together with interest accrued and unpaid to the redemption date, and any conditional notice so given may be rescinded at any time to and including the redemption date if such condition so specified is not satisfied. If a redemption does not occur after a conditional notice is given due to an insufficient amount of funds being on deposit with the Paying Agent to pay the Redemption Price on the redemption date, the corresponding conditional notice of redemption shall be deemed to have been revoked *nunc pro tunc* and shall be deemed to be null and void as if never given and such Bonds or portions thereof shall continue to bear interest until paid at maturity at the same rate as they would have borne had they not been called for redemption.

The Trustee shall comply with any notice or other requirements of DTC to effectuate a redemption of Bonds. Any notice which is mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the Holder receives the notice.

Section 406. Payment of Redeemed Bonds. Notice having been given in the manner provided in Section 405 hereof, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued thereon and unpaid to the redemption date and, upon presentation and surrender thereof at the office specified in such notice, such Bonds, or portions thereof, shall be paid at the Redemption Price, plus interest accrued thereon and unpaid to the redemption date. If there shall be called for redemption less than all of a Bond of like Series, the Authority shall execute and the Trustee shall authenticate and the Paying Agent shall deliver, upon the surrender of such Bond, without charge to the Owner thereof, for the unredeemed balance of the principal amount of the Bonds so surrendered, fully registered Bonds of like Series and maturity in any Authorized Denominations.

If, on the redemption date, moneys for the redemption of all the Bonds or portions thereof of any like Series and maturity to be redeemed, together with interest thereon to the redemption date, shall be held by the Paying Agent so as to be available therefor on said date and if a notice of redemption shall have been given as aforesaid, then from and after the redemption date interest on the Bonds or portions thereof of such Series and maturity so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the redemption date, such notice of redemption shall be rescinded by the Trustee, and shall be deemed to be null and void as if never given and such Bonds or portions thereof shall continue to bear interest until paid at maturity at the same rate as they would have borne had they not been called for redemption.

Section 407. Redemption of Series 2019 Bonds.

(a) Optional Redemption. The Series 2019 Bonds maturing prior to March 15, 2029 are not subject to optional redemption prior to maturity. The Series 2019 Bonds maturing on or after March 15, 2029 are subject to redemption prior to maturity at the option of the Authority, on or after March 15, 2028 in whole or in part at any time, and, if in part, in such order of maturity as the Authority may direct and, within a maturity, by lot (or other customary method of selection determined by the Trustee), at a Redemption Price equal to one hundred percent (100%) of the principal amount of Series 2019 Bonds to be redeemed, plus accrued interest to the redemption date.

(b) Mandatory Sinking Fund Redemption. The Series 2019 Bonds maturing on March 15, 2044 are subject to scheduled mandatory sinking fund redemption by the Authority on March 15 in the years and in the amounts set forth below at a redemption price equal to 100% of the principal amount thereof, plus accrued to the redemption date:

Redemption Date (March 15)	Principal Amount to be Redeemed
2040	$
2041	
2042	
2043	
2044*	

*Final Maturity

The Series 2019 Bonds maturing on March 15, 2049 are subject to scheduled mandatory sinking fund redemption by the Authority on March 15 in the years and in the amounts set forth below at a redemption price equal to 100% of the principal amount thereof, plus accrued to the redemption date:

Redemption Date (March 15)	Principal Amount to be Redeemed
2045	$
2046	
2047	
2048	
2049*	

*Final Maturity

(c) Credits against Scheduled Mandatory Redemption Obligations. At the option of the Authority, to be exercised by delivery of a Certificate to the Trustee on or before the 45th day next preceding any scheduled mandatory redemption date, if any, it may: (i) deliver to the Trustee for cancellation Bonds subject to scheduled mandatory redemption on that date or portions thereof in Authorized Denominations; or (ii) specify a principal amount of Bonds or portions thereof in Authorized Denominations which prior to said date have been purchased or redeemed (otherwise than pursuant to this Section) and cancelled by the Trustee at the request of the Authority and not theretofore applied as a credit against any scheduled mandatory redemption payment. Each Bond or portion thereof so delivered or previously redeemed shall be credited by the Trustee at the principal amount thereof against the obligation of the Authority to redeem Bonds on the scheduled mandatory redemption date or dates designated in writing to the Trustee by the Authorized Authority Representative occurring at least 45 days after the delivery of such designation to the Trustee, provided that if no such designation is made, such credit shall not be credited against such obligation.

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ARTICLE V

ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

Section 501. The Pledge Effected by This Indenture and Security for the Bonds. 1. There is hereby pledged and assigned as security for the payment of the principal of, redemption premium, if any, and interest on the Bonds issued in anticipation thereof in accordance with their terms and the provisions of this Indenture, subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in this Indenture, all of the Pledged Property.

2. All Pledged Property shall immediately be subject to the lien of the pledge made herein for the benefit of the Bondholders without any physical delivery thereof or further act, or any filing, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice thereof.

3. The Bonds shall not be in any way a debt or liability of the State or of any political subdivision thereof other than the Authority (limited solely to the Pledged Property) and, as applicable under and limited by the County Guaranty, the County, and shall not create or constitute any indebtedness, liability or obligation of the State or of any political subdivision thereof other than the Authority (limited solely to the Pledged Property) and, as applicable under and limited by the County Guaranty, the County, or be or constitute a pledge of the faith and credit of the State or of any political subdivision thereof other than, as applicable under and limited by the County Guaranty, the County. Neither the State nor any political subdivision thereof other than the Authority (limited solely to the Pledged Property) and, as applicable under and limited by the County Guaranty, the County, is obligated to pay the principal of and interest on the Bonds and neither the full faith and credit nor the taxing power of the State or any political subdivision thereof other than, as applicable under and limited by the County Guaranty, the County, is pledged to the payment of the principal of and interest on the Bonds, but all Bonds shall be payable solely from Revenues or funds pledged or available for their payment, including any funds available under the County Guaranty, as authorized in the Act.

4. The Authority hereby assigns its right to all Revenues to the Trustee for the benefit of the Bondholders. The Authority additionally covenants that all moneys paid by the County pursuant to the County Guaranty shall be paid directly to the Trustee for deposit in accordance with Section 506 hereof.

5. Nothing contained in this Section 501 shall be deemed a limitation upon the authority of the Authority to issue bonds, notes or other obligations under the Act secured by revenues and funds other than the Pledged Property including, without limitation, bonds, notes or other obligations secured by Federal or State grants.

Section 502. Establishment of Funds. The following Funds are hereby created and established:

(1) Acquisition Fund, including Accounts established therein to be held by the Trustee, on behalf of the Authority;

(2) Revenue Fund, including Accounts established therein to be held by the Trustee, on behalf of the Authority;

(3) Operating Fund, including Accounts established therein to be held by the Trustee, on behalf of the Authority;

(4) Debt Service Fund, including Accounts established therein for the Series 2019 Bonds and for any other Series of Refunding Bonds, to be held by the Trustee;

(5) Debt Retirement Fund, including Accounts established therein for the Series 2019 Bonds and for any other Series of Refunding Bonds, to be held by the Trustee; and

(6) Rebate Fund, including Accounts established therein for each Series of the Series 2019 Bonds and for any other Series of Refunding Bonds, to be held by the Trustee, on behalf of the Authority.

The Trustee may designate for each Fund or Account established hereunder such number, letter or symbol as may be necessary to distinguish such Funds or Accounts from other Funds and Accounts of the Authority held by the Trustee for any Series of Bonds.

Section 503. Acquisition Fund. 1. There shall be established within the Acquisition Fund a separate Account for the Series 2019 Bonds and the Construction Project.

2. There shall be paid into such Account: (i) the amounts required to be so paid by the provisions of this Indenture or applicable Supplemental Indenture, including any proceeds from the issuance of the Series 2019 Bonds in accordance with Section 203(7)(b) hereof; and (ii) at the option of the Authority, any moneys received by the Authority for, or in connection with, the Construction Project from any other source, unless required to be otherwise applied in accordance with this Indenture. All amounts in the Acquisition Fund shall be applied in the following order and priority: (i) to pay the Costs of the Construction Project or to reimburse the Authority for the Costs of the Construction Project paid by it in accordance with a reimbursement resolution adopted by the Authority; and (ii) to the extent not otherwise utilized, moneys in the Acquisition Fund shall be transferred to the Debt Service Fund and applied by the Trustee in accordance with subsection (4) of this Section 503.

3. The Authority shall authorize the Trustee to make payments from the Acquisition Fund for the Cost of the Construction Project in the amounts, at the times, in the manner, and on the other terms and conditions set forth in this subsection (3). Before any such payment shall be made, there shall be filed by the Authority with the Trustee: a requisition therefor, which requisition shall be substantially in the form set forth in Exhibit "B" hereto, signed by an Authorized Authority Representative, stating in respect of each payment to be made: (i) the requisition number; (ii) that such payment is to be made from the Acquisition Fund; (iii) the name and address of the Person to whom payment is to be made by the Trustee, or if payment is to be made to the Authority for a reimbursable advance, the name and address of the Person to whom such advance was made together with proof of payment by the Authority; (iv) the amount to be paid, which amount represents the payment due to the Person referenced in clause (iii) above, or 100% of the payment previously made by the Authority; (v) the particular

item of Cost to be paid to which the requisition relates; (vi) that each obligation, item of Cost or expense mentioned therein has been properly incurred, is an item of Cost of the Construction Project, is unpaid or unreimbursed, and is a proper charge against the Acquisition Fund and has not been the basis of any previously paid withdrawal or requisition; (vii) that the public contracts bidding laws applicable to the contract pursuant to which payment is being requested have been complied with, if any; (viii) if such payment is a reimbursement to the Authority for Costs or expenses incurred by reason of work performed or supervised by officers or employees of the Authority, that the amount to be paid does not exceed the actual cost thereof to the Authority; (ix) that no uncured Event of Default has occurred under this Indenture and everything then required to be performed by the Authority has been performed; (x) the Authority has not received notice of any lien, right to lien or attachment upon, or other claim affecting the right to receive payment of, any of the moneys payable under such requisition to any of the Persons named therein or, if any of the foregoing has been received, it has been released or discharged or will be released or discharged upon payment of the requisition; and (xi) in the event there are not sufficient funds available to pay such requisition from the maturity of any Investment Securities, instructions specifying the Investment Security or Securities which should be liquidated for the payment thereof. The Trustee shall issue its check for each payment required by such requisition or shall by interbank transfer or other method, arrange to make the payment required by such requisition. The Trustee shall have no obligations hereunder and may rely on the requisition if properly signed.

4. The completion of the Construction Project by the Authority shall be evidenced by a certificate or certificates signed by an Authorized Authority Representative, which shall be in substantially the form set forth in Exhibit "C" hereto, and which shall be delivered and filed with the Trustee, stating: (i) that such Construction Project is complete or has been substantially completed; (ii) the date of completion of the Construction Project; (iii) the Cost of all labor, services, materials and supplies used in the Construction Project have been paid or will be paid from amounts retained by the Trustee, at the Authority's direction, for any Cost of the Construction Project and the amount, if any, required, in the opinion of the signer or signers, for the payment of any remaining part of the Cost of the Construction Project or any portion thereof, not then due and payable or, if due and payable, not yet paid; (iv) the Construction Project is an authorized "project" under the Act; and (v) all permits, including a Certificate of Occupancy, if required, necessary for the utilization of the Construction Project have been obtained and are in effect. Upon the filing of such Completion Certificate, the balance in the Acquisition Fund in excess of the amount, if any, stated in such Completion Certificate shall be transferred by the Trustee for deposit at the written direction of an Authorized Authority Representative, in either: (i) the Debt Retirement Fund for application to the retirement of Series 2019 Bonds or applicable series of Refunding Bonds by purchase or redemption; or (ii) the Debt Service Fund. If, subsequent to the filing of such certificate, it shall be determined that any amounts specified in such certificate as being required for the payment of any remaining part of the Cost of the Construction Project are no longer so required, such fact shall be evidenced by a certificate or certificates signed by an Authorized Authority Representative delivered and filed with the Trustee stating such fact and the amount no longer required to be paid, and any amount shown therein as no longer being required shall be transferred to the Trustee for application as provided in the preceding sentence. Notwithstanding the foregoing, such Completion Certificate shall state that it is given without prejudice to any rights against third parties which exist as of the date of such certificate or which may subsequently come into being.

5. Any damages or other moneys from any contractor, subcontractor, manufacturer, supplier or any party to any contract for the Construction Project or its surety due and owing to the Authority shall be paid to the Trustee for deposit in the Acquisition Fund (in accordance with written instructions from the Authority) to complete the Construction Project.

6. Prior to the completion of the Construction Project, the Trustee shall, upon receipt of a requisition signed by an Authorized Authority Representative, advance moneys on deposit in the Acquisition Fund to provide for working capital. Such requisition by an Authorized Authority Representative shall include a certification that the working capital expense complies with the definition of "restricted working capital" within the meaning of the Code. The Trustee shall advance such moneys only to the extent that such moneys are not needed to make payment on requisitions for the Construction Project within the following one hundred twenty (120) days and there are no other funds available to the Authority for working capital as certified by an Authorized Authority Representative. Repayment by the Authority to the Trustee for each such advance is due no later than one hundred twenty (120) days from the date of such advance and the Trustee shall deposit the Authority's repayment of any such advance in the Acquisition Fund.

Section 504. Revenue Fund. Except as set forth in Sections 505 and 603 hereof, all Revenues shall be promptly deposited by the Trustee upon receipt thereof into the Revenue Fund and shall be applied as set forth in Section 506 hereof. All moneys at any time deposited in the Revenue Fund shall be held in trust for the benefit of the Holders but shall nevertheless be disbursed and applied solely for the uses and purposes set forth in this Article V.

Section 505. Operating Fund. 1. Pursuant to an order of the Authority delivered to the Trustee on the Issue Date of the Series 2019 Bonds, any proceeds of the Series 2019 Bonds and Authority moneys, as the case may be, representing costs of issuance shall be immediately deposited in the Operating Fund. Such amounts shall be paid by the Trustee in accordance with subsection (2) of this Section 505.

2. Amounts deposited in the Operating Fund shall be paid out by the Trustee pursuant to written direction of the Authority from time to time for costs of issuance upon requisition therefor submitted to the Trustee and signed by an Authorized Authority Representative stating: (i) the name of the Person to whom each such payment is due; (ii) the respective amounts to be paid; (iii) the purpose by general classification for which each obligation in the stated amounts has been or will be incurred; and (iv) each obligation in the stated amount has been or will be incurred by or on behalf of the Authority and that each item thereof is a proper charge against the Operating Fund and has not been previously paid. To the extent such amounts deposited therein are not spent within ninety (90) days of the Issue Date of the Series 2019 Bonds and any other Series of Refunding Bonds, the Trustee shall, without further direction, deposit in the applicable Account of the Debt Service Fund for such Series of Bonds any balance then remaining for such Series of Bonds unless the Authority requests, in writing, that such balance remain in the Operating Fund for an additional period of time as specified in such request.

Section 506. Payments From the Revenue Fund Into Certain Funds. 1. To the extent funds are available, the Authority shall deposit sufficient funds to meet the Debt Service Requirement for the next succeeding Principal Installment Date or Interest Payment Date with the Trustee as soon as practicable, but in any case no later than 3:00 p.m. on the fifteenth Business Day immediately preceding such Principal Installment Date or Interest Payment Date, as applicable. As soon as practicable after the deposit of Revenues into the Revenue Fund, but in any case no later than 3:00 p.m. on the fifteenth Business Day immediately preceding either a Principal Installment Date or Interest Payment Date, as applicable, the Trustee shall credit, but only to the extent the amount in the Revenue Fund shall be sufficient therefor, such Revenues as follows: (i) Revenues shall be deposited in the Debt Service Fund in accordance with Section 508 hereof or, in the case of any purchase or redemption of Bonds of any Series and maturity for which Sinking Fund Installments shall have been established, to the Debt Retirement Fund; (ii) moneys paid by the County pursuant to the County Guaranty in accordance with Section 508(3) hereof shall be immediately deposited in the applicable Accounts in the Debt Service Fund; (iii) Revenues representing amounts received by the Authority from the conveyance or exchange of facilities and/or equipment constituting part of the Construction Project previously acquired with the proceeds of the Series 2019 Bonds shall immediately be deposited with the Trustee and thereafter shall be immediately deposited in the Debt Service Fund and applied in accordance with the provisions of Section 508 hereof; and (iv) any investment earnings on any moneys held in any Fund and required to be transferred to the Revenue Fund pursuant to the provisions of this Indenture, such that the total balance in the Debt Service Fund shall equal the Debt Service Requirement on each such Series of Bonds for the next respective succeeding Interest Payment Date and Principal Installment Date, as applicable, provided that, for the purposes of computing the amount to be deposited in said Fund, there shall be included in the balance of the Debt Service Fund that amount of such proceeds to be applied in accordance with this Indenture to the payment of interest accrued and unpaid and to accrue on such Series of Bonds to the next Interest Payment Date as set forth in an order of the Authority to the Trustee; provided, however, that so long as there shall be held in the Debt Service Fund an amount sufficient and available to pay in full all Outstanding Bonds of a particular Series in accordance with their terms (including principal thereof and interest thereon) no transfers shall be required to be made from the Revenue Fund to the Debt Service Fund.

2. Revenues consisting of proceeds representing damages or other moneys from any contractor, subcontractor, manufacturer, supplier or surety shall be immediately credited in accordance with Section 503(5) hereof.

3. All interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment and net of any losses suffered) earned or any gain realized on any moneys or investments in such Funds shall be transferred upon receipt to the Revenue Fund, except that: (i) such net interest earned on any moneys or investments in the Debt Service Fund shall be held in such Fund for the purposes thereof and shall be paid into such Fund in accordance with the provisions of Section 603(2) hereof and shall be applied in accordance with the provisions hereof; and (ii) interest earned on any moneys or investments in the Acquisition Fund shall be held in the Acquisition Fund until delivery of a Completion Certificate for the Construction Project as required by Section 503(4) of this Indenture at which time such moneys shall be applied in accordance with Section 603(2) hereof.

Section 508. Debt Service Fund. 1. Pursuant to Section 506(1)(a) hereof, Revenues deposited in the Revenue Fund on shall be transferred to and deposited in the Debt Service Fund not later than 3:00 p.m. on the fifteenth Business Day immediately preceding either a Principal Installment Date or Interest Payment Date, as applicable, by the Trustee. Not later than 3:00 p.m. on the fourteenth Business Day immediately preceding either a Principal Installment Date or Interest Payment Date, as applicable, the Trustee shall determine whether the amounts on deposit in the Debt Service Fund, after all Revenues deposited in the Revenue Fund and transferred to and deposited in the Debt Service Fund in accordance with the provisions hereof, are sufficient to meet the Debt Service Requirements on all Outstanding Bonds for the next succeeding Interest Payment Date and Principal Installment Date, as applicable. Subject to, and after the application of the provisions of Section 509 hereof, in the event such amounts in the Debt Service Fund are insufficient to meet such Debt Service Requirement on the Outstanding Bonds, the Trustee shall give written notice thereof, by facsimile transmission in accordance with Section 1114 hereof, to the Authority and the Authorized County Representative of such deficiency no later than 4:00 p.m. on the fourteenth Business Day immediately preceding either a Principal Installment Date or Interest Payment Date, as applicable, which notice shall state the amount of such deficiency as at the close of business on such date and that such deficiency must be cured no later than the next ensuing Interest Payment Date and Principal Installment Date, as applicable. The notice to the Authorized County Representative and the Authority shall also include the amount of the Interest Payment and Principal Installment, as applicable, due and payable and the amount required to be paid by the Authority or the County (pursuant to the County Guaranty) to cure such deficiency and to enable the Trustee to make a Debt Service payment on the Outstanding Bonds on the next ensuing Interest Payment Date or Principal Installment Date, as applicable. The receipt of any such notice by the Authority and the County shall be acknowledged by an Authorized Authority Representative and an Authorized County Representative to the Trustee within one (1) Business Day after receipt thereof. If the nonpayment of the Authority is not cured by the applicable Interest Payment Date or Principal Installment Date, as applicable, the County, pursuant to the terms of the County Guaranty, shall pay to the Trustee, not later than such Interest Payment Date and Principal Installment Date, as applicable, any and all amounts required to pay Debt Service on the Outstanding Bonds.

2. All moneys paid by the County pursuant to the County Guaranty shall be immediately deposited in the Debt Service Fund, which moneys shall be applied to the payment of Debt Service on the Outstanding Bonds on such Interest Payment Date or Principal Installment Date, as applicable.

3. (i) On each Interest Payment Date, the Trustee shall make available to the Paying Agent from moneys available in the Debt Service Fund an amount which equals the interest on each Series of Outstanding Bonds due on such date, which moneys shall be applied by the Paying Agent to the payment of such interest on the Interest Payment Date; and (ii) on the Principal Installment Date of each Series of Outstanding Bonds, the Trustee shall make available to the Paying Agent from moneys in the Debt Service Fund an amount equal to the principal of each Series of Outstanding Bonds due on such date, which moneys shall be applied by the Paying Agent to the payment of such principal on the Principal Installment Date. The Trustee may also pay out of the Debt Service Fund the accrued interest included in the purchase price of each Series of Outstanding Bonds, pursuant to the provisions of subsection (5) below.

4. The amount, if any, deposited in the Debt Service Fund representing accrued interest, if any, on the proceeds of any Series of Bonds, shall be set aside in such Fund and applied, in accordance with written instructions of the Authority delivered to the Trustee prior to the authentication of such Series of Bonds, to the payment of accrued interest on such Series of Bonds as the same becomes due and payable.

5. In the event of the refunding of any Bonds, the Trustee shall, if an Authorized Authority Representative so directs, in writing, withdraw from the Debt Service Fund all, or any portion of, the amounts accumulated therein with respect to Debt Service on the Series of Bonds being refunded, and set aside such amounts to be held in trust as set forth in such written direction; provided that such withdrawal shall not be made unless: (i) immediately thereafter the Series of Bonds being refunded shall be deemed to have been paid pursuant to Section 1101(2) hereof; and (ii) the amount remaining in the Debt Service Fund, after giving effect to the issuance of the Refunding Bonds and the disposition of the proceeds thereof, shall not be less than the requirement of such Fund pursuant to subsection (2) of this Section 508 with respect to the Debt Service Requirement on each Outstanding Series of Bonds and Section 506 hereof.

6. Revenues representing amounts received by the Authority from the conveyance or exchange of facilities and/or equipment constituting part of the Construction Project previously acquired with the proceeds of the Series 2019 Bonds shall immediately be deposited with the Trustee and deposited in the Debt Service Fund shall immediately be applied to the payment of Debt Service on the applicable Series of Bonds on the next ensuing Interest Payment Date or Principal Installment Date, as applicable.

Section 509. Debt Retirement Fund. 1. Subject to the limitations contained in subsection (4) of this Section 509, if, fifteen days prior to any Interest Payment Date or Principal Installment due date, as the case may be, the amount on deposit in the Debt Service Fund shall be less than the amount required to be in such Fund pursuant to subsection (1) of Section 506, the Trustee shall transfer from the Debt Retirement Fund to the Debt Service Fund an amount (or all of the moneys in the Debt Retirement Fund if less than the amount required) which will be sufficient to make up such deficiency.

2. To the extent not required to make up a deficiency as required in subsection (1) of this Section 509, amounts in the Debt Retirement Fund shall be applied, as rapidly as practicable in the case of mandatory redemption, or, at the written direction of an Authorized Authority Representative, to the purchase or optional redemption (including redemption premium, if any) of the applicable Series of Bonds.

3. Upon any purchase or redemption pursuant to this Section 509 of Bonds of any Series and maturity for which Sinking Fund Installments shall have been established or delivery to the Trustee for cancellation by the Authority of Bonds of such Series or maturity, there shall be credited toward each such Sinking Fund Installment thereafter to become due an amount bearing the same ratio to such Sinking Fund Installment as the total principal amount of such Bonds so purchased, redeemed, or delivered for cancellation bears to the total amount of all such Sinking Fund Installments to be credited. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

4. The transfers required by subsection (1) of this Section 509 shall be made from amounts in the Debt Retirement Fund only to the extent that such amounts are not then

required to be applied to the redemption of Bonds of such Series for which notice of redemption shall have been given by the Trustee to Bondholders.

Section 510. Satisfaction of Sinking Fund Installments. 1. In satisfaction, in whole or in part, of any Sinking Fund Installment, the Authority may deliver to the Trustee at least sixty (60) days prior to the date of such Sinking Fund Installment, for cancellation, Bonds of the Series and maturity entitled to such Sinking Fund Installment. All Bonds so delivered to the Trustee in satisfaction of a Sinking Fund Installment shall reduce the amount thereof by the amount of the aggregate Redemption Price of such Bonds applicable on the date of such Sinking Fund Installment (or the principal amount thereof if such date be the date of maturity of such Bonds), provided that concurrently with such delivery of such Bonds the Authority shall deliver to the Paying Agent and to the Trustee a certificate of an Authorized Authority Representative specifying: (i) the principal amount, Series, maturity, interest rate and numbers of the Bonds so delivered; (ii) the date of the Sinking Fund Installment in satisfaction of which such Bonds are so delivered; (iii) the aggregate Redemption Price on the date of such Sinking Fund Installment (or the principal amount in the case of any Series of Bonds which mature on such Sinking Fund Installment date) of any Bonds so delivered; and (iv) the unsatisfied balance of such Sinking Fund Installment after giving effect to the delivery of such Bonds.

2. The Trustee shall, upon receipt of the notice required and in the manner provided in Article IV hereof, call for redemption on the date of each Sinking Fund Installment falling due prior to maturity such principal amount of Bonds of the Series and maturity entitled to such Sinking Fund Installment as is required to exhaust the unsatisfied balance of such Sinking Fund Installment.

Section 511. Application of Moneys in the Rebate Fund. 1. The Authority shall determine or shall cause to be determined the amounts necessary to equal the rebate requirement and shall deposit such amount in the Rebate Fund and the Authority shall transfer or cause to be transferred by the Trustee at such times and to such Person as required by Section 148 of the Code an amount equal to the rebate requirement from the Rebate Fund. To the extent such amounts on deposit in the Rebate Fund are not sufficient to meet the rebate requirement, amounts shall be immediately paid by the Authority to the Trustee for deposit in the Rebate Fund.

Notwithstanding anything contained in this Indenture to the contrary, the Trustee shall not be responsible or liable for any loss, liability, or expense incurred to the extent incurred as a result of the failure of the Authority to fulfill its obligations with respect to the calculation and payment of the rebate requirement.

2. The Trustee, as directed by an Authorized Authority Representative, shall apply or cause to be applied the amounts in the Rebate Fund at the times and in the amounts required by Section 148 of the Code solely for the purpose of paying the United States in accordance with Section 148 of the Code.

3. Moneys held in the Rebate Fund shall be invested and reinvested by the Trustee in Investment Securities defined in clauses b(1) and b(2) of such definition, as shall be directed by an Authorized Authority Representative, that mature not later than such times as shall be necessary to provide moneys when needed for the payments to be made from such Fund.

The interest earned on any moneys or investments in the Rebate Fund shall be retained in such Fund.

4. Pursuant to the provisions of Section 603(4) hereof, investment earnings from the Revenue Fund and Operating Fund may be deposited in the Rebate Fund upon written direction of an Authorized Authority Representative to the Trustee.

Section 512. Moneys Remaining in Funds and Accounts; Reimbursement of Fiduciary and Authority. Except as set forth in Section 1102 hereof with respect to unclaimed funds, upon the final maturity of any Series of Bonds issued hereunder, any moneys remaining in the Funds and Accounts held under this Indenture for such Series of Bonds shall be paid to each such Fiduciary (to the extent each such Fiduciary has incurred expenses which remain unpaid or unreimbursed, as the case may be) by the Trustee, free and clear of the lien and pledge of this Indenture, to the extent required to reimburse such Fiduciary for such expenses and, thereafter, the balance therein (but not including unclaimed funds resulting from defeased bonds of any Series) shall be paid and shall belong to the Authority free and clear of the lien and pledge of this Indenture.

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ARTICLE VI

DEPOSITORIES OF MONEYS, SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

Section 601. Depositories. 1. All moneys deposited under the provisions of this Indenture with the Trustee shall constitute trust funds and shall be held in trust and applied only in accordance with the provisions of this Indenture, and each of the Funds and Accounts established by this Indenture shall be a trust fund for the purpose thereof held for the benefit of the Authority. The Authority may deposit such moneys with the Trustee in trust for the Authority.

2. Any Fiduciary shall be a bank or trust company organized under the laws of the State or any other state or a national banking association having capital stock, surplus and undivided earnings of $100,000,000 or more and willing and able to accept the office on reasonable and customary terms and authorized by law to act in accordance with the provisions of this Indenture. No moneys shall be deposited with any Fiduciary in any amount exceeding fifteen percent (15%) of the amount which an officer of such Fiduciary shall certify to the Authority as to the capital stock and surplus of such Fiduciary.

Section 602. Deposits. 1. All Revenues and moneys held by the Trustee or a Fiduciary under this Indenture may be placed on demand or time deposit, if and as directed by the Authority, provided that such deposits shall permit the moneys so held to be available for use at the time when needed. Any such deposit may be made in the commercial banking department of any Fiduciary which may honor checks and drafts on such deposit with the same force and effect as if it were not such Fiduciary. All moneys held by any Fiduciary, as such, may be deposited by such Fiduciary in its banking department on demand or, if and to the extent directed by the Authority and acceptable to such Fiduciary, on time deposit, provided that such moneys on deposit be available for use at the time when needed.

2. All moneys held under this Indenture by the Trustee or any Fiduciary shall be: (i) either (a) continuously and fully insured by the Federal Deposit Insurance Corporation, or (b) continuously and fully secured by lodging with the Trustee or any Federal Reserve Bank, as custodian, as collateral security, such securities as are described in clauses b(1) and (2) of the definition of "Investment Securities" in Section 101 hereof, having a market value at the time of deposit (exclusive of accrued interest) not less than the amount of such moneys; or (ii) secured in such other manner as may then be required by applicable Federal or State laws and regulations and applicable state laws and regulations of the state in which the Trustee or such Fiduciary (as the case may be) is located, regarding security for, or granting a preference in the case of, the deposit of trust funds; provided, however, that it shall not be necessary for the Fiduciaries to give security under this subsection (2) for the deposit of any moneys with them held in trust and set aside by them for the payment of the principal or Redemption Price of and interest on any Series of Bonds, or to give security for any moneys which shall be represented by Investment Securities purchased as an investment of such moneys.

3. All moneys deposited with the Trustee shall be credited to the particular Fund or Account to which such moneys belong and, except as provided with respect to the investment of moneys in Investment Securities in Section 603 hereof, the moneys credited to

each particular Fund or Account shall be kept separate and apart from, and not commingled with, any moneys credited to any other Fund or Account or any other moneys deposited with the Trustee.

Section 603. Investment of Certain Funds. 1. Moneys held in the Revenue Fund or the Debt Service Fund shall be invested and reinvested by the Trustee to the fullest extent practicable in the investments described in clause b(2) or b(7) of the definition of "Investment Securities" in Section 101 hereof, which Investment Securities shall mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Funds. Moneys held in: (i) the Acquisition Fund; (ii) the Debt Retirement Fund; and (iii) the Operating Fund may be invested and reinvested in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Funds. Moneys held in the Rebate Fund, if any, shall be invested and reinvested in accordance with the written instructions received from any Authorized Authority Representative. The Trustee shall make all such investments of moneys held by it in accordance with written instructions from time to time received from any Authorized Authority Representative. In making any investment in any Investment Securities with moneys in any Fund established under this Indenture, the Authority may instruct the Trustee, in writing, to combine such moneys in any other Fund, if permitted hereunder, but solely for purposes of making such investment in such Investment Securities.

2. All interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment and net of any losses suffered) earned or any gain realized on any moneys or investments in such Funds shall be transferred upon receipt to the Revenue Fund and applied in accordance with the provisions of Section 506(3) hereof, except that such net interest earned on any moneys or investments in the Debt Service Fund shall be held in such Fund for the purposes thereof and shall be paid into the Debt Service Fund on a periodic basis at least quarterly or as otherwise shall be directed by the Authority and applied pursuant to Section 508 hereof. The Trustee shall annually notify the Authority, in writing, of such application of such interest and earnings transferred to the Revenue Fund. Interest earned on any moneys or investments in the Acquisition Fund shall be held therein until the delivery of a Completion Certificate by an Authorized Authority Representative as required by Section 503(4) of this Indenture at which time such moneys shall be applied in accordance with the provisions of the Completion Certificate.

3. In the absence of written investment direction from an Authorized Authority Representative, the Trustee may invest moneys which the Authority has failed to direct in money market funds as defined in clauses b(2) and (6) of the definition of "Investment Securities" in Section 101 hereof customarily invested in by the Trustee.

4. Notwithstanding anything herein to the contrary, the Authority may direct the Trustee to deposit earnings from the Revenue Fund and the Operating Fund into the Rebate Fund to pay any amounts required to be set aside for rebate to the Internal Revenue Service pursuant to the Code.

5. Nothing in this Indenture shall prevent any Investment Securities acquired as investments of or security for funds held under this Indenture from being issued or held in book-entry form on the books of the Department of the Treasury of the United States.

6. Nothing in this Indenture shall preclude the Trustee from investing or reinvesting moneys through its bond department; provided, however, that the Authority may, in its discretion, direct that such moneys be invested or reinvested in a manner other than through such bond department.

Section 604. Valuation and Sale of Investments. Obligations purchased as an investment of moneys in any Fund or Account created under the provisions of this Indenture shall be deemed at all times to be a part of such Fund or Account and any profit realized from the liquidation of such investment shall be credited to such Fund or Account, and any loss resulting from the liquidation of such investment shall be charged to the respective Fund or Account.

In computing the amount in any Fund or Account created under the provisions of this Indenture for any purpose provided in this Indenture, obligations purchased as an investment of moneys therein shall be valued at the lesser of cost or market value thereof. The accrued interest paid in connection with the purchase of any obligation shall be included in the value thereof until interest on such obligation is paid. Such valuation shall be determined on a monthly basis on the basis of monthly statements produced by the Trustee.

Except as otherwise provided in this Indenture, the Trustee shall sell at the best price reasonably obtainable or present for redemption or transfer as provided in the next sentence any obligation so purchased as an investment whenever either shall be requested, in writing, by an Authorized Authority Representative to do so or whenever it shall be necessary in order to provide moneys to meet any payment or transfer from any Fund or Account held by it. In lieu of such sale or presentment for redemption, the Trustee may, in making the payment or transfer from any Fund or Account mentioned in the preceding sentence, transfer such investment obligations or coupons for interest appertaining thereto if such investment obligations or coupons shall mature or be collectable at or prior to the time the proceeds thereof shall be needed.

Neither the Authority nor the Trustee shall be liable or responsible for any loss resulting from any such investment, sale or presentation for investment made in the manner provided herein.

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ARTICLE VII

PARTICULAR COVENANTS OF THE AUTHORITY

The Authority covenants and agrees with the Trustee and the Bondholders as follows:

Section 701. Payment of Bonds. The Authority shall duly and punctually pay or cause to be paid, but solely from the Pledged Property, the principal or Redemption Price of every Bond and the interest thereon, at the dates and places and in the manner provided in the Bonds, according to the true intent and meaning thereof.

Section 702. Extension of Payment of Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement, and in case the maturity of any of the Bonds or the time for payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under this Indenture, to the benefit of this Indenture or to any payment out of Revenues or Funds established by this Indenture, including the investment thereof, pledged under this Indenture or the moneys (except moneys held in trust for the payment of particular Bonds or claims for interest pursuant to this Indenture) held by the Fiduciaries, except subject to the prior payment of the principal of all Bonds Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest. Nothing herein shall be deemed to limit the right of the Authority to issue Refunding Bonds pursuant to Section 205 hereof and such issuance shall not be deemed to constitute an extension of maturity of the Bonds to be refunded.

Section 703. Offices for Servicing Bonds. The Authority shall at all times maintain one or more agencies in the State, and may maintain one or more such agencies in any other state or states, where Bonds may be presented for payment. The Authority hereby appoints the Trustee, as a Bond Registrar, and the Authority shall at all times maintain one or more agencies where Bonds may be presented for registration or transfer and where notices, demands and other documents may be served upon the Authority in respect of the Bonds or of this Indenture, and the Trustee shall continuously maintain or make arrangements to provide such services.

Section 704. Further Assurance. At any and all times the Authority shall, as far as it may be authorized by law, comply with any reasonable request of the Trustee to pass, make, do, execute, acknowledge and deliver all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming all and singular the rights, Revenues and other moneys, securities and Funds hereby pledged, or intended so to be, or which the Authority may become bound to pledge to the payment of the principal or Redemption Price of and interest on the Bonds, including any Series thereof.

Section 705. Power to Issue Bonds and Pledge Pledged Property. The Authority is duly authorized under all applicable State laws to create and issue the Bonds, to enter into this Indenture with the Trustee and to pledge the Pledged Property purported to be subjected to the lien of this Indenture in the manner and to the extent provided in this Indenture. Except to the extent otherwise provided in this Indenture, the Pledged Property so pledged is and will be free and clear of any other pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and assignment created by this Indenture, and all action on the part of the Authority to that end has been and will be duly and validly taken. The Bonds and the provisions of this Indenture are and will be the valid and legally binding special and limited obligations of the Authority. The Authority shall at all times, to the extent permitted by State law, defend, preserve and protect the pledge of the Pledged Property under this Indenture and all the rights of the Bondholders under this Indenture against all claims and demands of all Persons whomsoever.

Section 706. Creation of Liens. The Authority shall not issue any bonds, notes, debentures or other evidences of indebtedness of similar nature, other than the Bonds, payable out of or secured by a pledge or assignment of the Pledged Property held or set aside by the Authority or by Fiduciaries under this Indenture, and shall not create or cause to be created any lien or charge on the Pledged Property; provided, however, that nothing contained in this Indenture shall prevent the Authority from issuing, if and to the extent permitted by law, evidences of indebtedness payable out of or secured by a pledge and assignment of the Pledged Property on and after such date as the pledge of the Pledged Property provided in this Indenture shall be discharged and satisfied as provided in Article XI hereof.

Section 707. Accounts and Reports. 1. The Authority shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in accordance with generally accepted accounting principles in which complete and correct entries shall be made of its transactions relating to the amount of Revenues and the application thereof, the expenditure of moneys for the Construction Project and each Fund or Account established under this Indenture. All books and papers of the Authority shall, subject to the terms thereof, at all times, upon prior reasonable written notice to the Authority, during regular business hours, be subject to the inspection of the Trustee and the Holders of an aggregate of not less than five percent (5%) in principal amount of the Bonds then Outstanding or their representatives duly authorized in writing.

2. The Trustee or any Fiduciary shall advise the Authority as soon as practicable after the end of each Month of the respective transactions during such Month relating to each Fund or Account held by it under this Indenture.

3. The Authority shall cause its books and accounts, including annual balance sheets and statements of income and surplus, to be audited annually by an accountant within two hundred and seventy (270) days after the close of its Fiscal Year, and, if requested by the Trustee, to file or cause to be filed with the Trustee, and otherwise as provided by law, a copy of the reports of such audits, including statements in reasonable detail of the status of all funds held by the Trustee pursuant to this Indenture and the security therefor and of the Revenues collected. If requested by the Trustee, the Authority shall also provide an Accountant's Certificate stating whether or not, to the best of the knowledge and belief of the signer, the Authority is in default with respect to any of the covenants, agreements or conditions on its part contained in this Indenture, and if so, the nature of such default.

4. The Authority shall file or cause to be filed with the Trustee forthwith upon becoming aware of any Event of Default or default in the performance by the Authority of any covenant, agreement or condition contained in this Indenture, a certificate signed by an Authorized Authority Representative specifying such Event of Default or default and the nature and status thereof.

5. The reports, statements and other documents required to be furnished to the Trustee pursuant to any provisions of this Indenture shall be available for the inspection of the Bondholders at the principal corporate trust office of the Trustee, who shall file a written request therefor with the Authority. The Authority may charge or cause to be charged each Bondholder requesting such reports, statements and other documents a reasonable fee to cover reproduction, handling and postage.

Section 708. Payment of Taxes and Charges. The Authority will from time to time duly pay and discharge, or cause to be paid and discharged, all taxes, assessments and other governmental charges, or required payments in lieu thereof, lawfully imposed upon the properties of the Authority or upon the rights, revenues, income, receipts and other moneys, securities and funds of the Authority when the same shall become due (including all rights, moneys and other property transferred, assigned or pledged under this Indenture), and all lawful claims for labor and material and supplies, except those taxes, assessments, charges or claims which the Authority shall in good faith contest by proper legal proceedings if the Authority shall in all such cases have set aside on its books reserves deemed adequate with respect thereto.

Section 709. Acquisition of the Construction Project and its Operation and Maintenance. 1. The Authority shall acquire, construct and/or install the Construction Project with due diligence and in a sound and economical manner.

2. The Authority shall at all times use the Facility properly and in an efficient and economical manner, consistent with good business practices, and shall maintain, preserve, reconstruct and keep the same or cause the same to be so maintained, preserved, reconstructed and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals thereto.

Section 710. Maintenance of Insurance. 1. The Authority shall at all times maintain such insurance as shall be reasonably appropriate for a project of the type and scope of the Construction Project.

2. The Authority shall also maintain any additional or other insurance which it shall deem necessary or advisable to protect its interests and those of the Bondholders.

3. Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing.

4. Upon written request of the Trustee, the Authority shall file with the Trustee annually, within one hundred twenty (120) days after the close of each calendar year, certificates of Authorized Authority Representatives setting forth a description in reasonable detail of the insurances then in effect with respect to the applicable components of the

Construction Project and certifying that the Authority has complied in all with its requirements pursuant to this Section 710.

Section 711. Application of Insurance Proceeds. The Proceeds of any insurance, including the proceeds of any condemnation award paid on account of any damage or destruction to the Construction Project, or any portion thereof (other than any business interruption loss insurance) shall be applied as set forth in Sections 503(5) and 506(2) hereof.

Section 712. Enforcement of County Guaranty. The Authority shall undertake all actions necessary so as to entitle it to collect payments from the County, if necessary, in accordance with the terms of the Act and the terms of the County Guaranty. The Authority shall not release or modify the obligations of the County under the terms of the County Guaranty in any manner which would adversely affect the County's obligation to make payments thereunder. The Authority shall take all reasonable measures which are permitted by the Act or otherwise by law, to enforce prompt payment to the Trustee of all amounts due under the County Guaranty, and shall at all times, to the extent permitted by the Act or otherwise by law, defend, enforce, preserve and protect the rights, benefits and privileges of the Authority and of the Bondholders under or with respect to the County Guaranty.

Section 713. General. 1. Upon the date of authentication and delivery of any Series of Bonds, all conditions, acts and things required by law and this Indenture to exist, to have happened and to have been performed precedent to and in the issuance of such Series of Bonds, shall exist, have happened and have been performed and the issue of such Series of Bonds, together with all other indebtedness of the Authority, shall comply in all respects with the applicable laws of the State.

2. The Authority shall at all times maintain its existence and shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Authority under the provisions of the Act and this Indenture, including the exercise of its remedies thereunder.

Section 714. Federal Tax Covenants. The Authority hereby covenants not to take or omit to take any action so as to cause interest on any Series of Bonds to be no longer excluded from gross income for the purposes of federal income taxation and to otherwise comply with the requirements of Sections 103 and 141 through 150 of the Code, and all applicable regulations promulgated with respect thereto, throughout the term of such Series of Bonds. The Authority further covenants that it will make no investments or other use of the proceeds of any Series of Bonds which would cause such Series of Bonds to be "arbitrage bonds" (as defined in Section 148 of the Code). The Authority further covenants to comply with the rebate requirements (including the prohibited payment provisions) contained in Section 148(f) of the Code and any regulations promulgated thereunder, to the extent applicable, and to pay any interest or penalty imposed by the United States for failure to comply with said rebate requirements, to the extent applicable. The Authority further covenants not to cause the Series 2019 Bonds and any additional Series of Bonds to become "private activity bonds" (within the meaning of Section 141 of the Code).

Section 715. Secondary Market Disclosure. The Authority covenants and agrees that it will undertake all responsibilities for compliance with secondary market disclosure requirements pursuant to Rule 15c2-12(b) ("Rule") promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as described in the Continuing Disclosure Agreement ("Continuing Disclosure Agreement") to be executed by and between the Authority and Phoenix Advisors, LLC, acting as dissemination agent. Notwithstanding any other provision of this Indenture, the failure of the Authority to comply with the provisions of the Continuing Disclosure Agreement shall not be considered an Event of Default hereunder and the Beneficial Owners of the Bonds (as defined in the Continuing Disclosure Agreement) may take such actions as set forth in the Continuing Disclosure Agreement as may be necessary and appropriate to cause the Authority to comply with its obligations set forth in the Continuing Disclosure Agreement.

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ARTICLE VIII

REMEDIES OF BONDHOLDERS

Section 801. Events of Default. The following events shall constitute an Event of Default under this Indenture:

(i) if default shall be made by the Authority in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption, or otherwise, as applicable; or

(ii) if default shall be made by the Authority in the due and punctual payment of any installment of interest on any Bond or the unsatisfied balance of any Sinking Fund Installment therefor, when and as such interest installment or Sinking Fund Installment shall become due and payable; or

(iii) if default shall be made in the due and punctual payment of the redemption premium of any Bond when and as the same shall become due and payable; or

(iv) if default shall be made by the County pursuant to the County Guaranty in the due and punctual payment of principal of and interest on the Bonds when such payment shall become due and payable, not less than two (2) Business Days before any Interest Payment Date and Principal Installment Date, as applicable, and such default is not cured by the County by such Interest Payment Date and Principal Installment Date, as applicable; or

(v) the entering of an order or decree appointing a receiver with the consent or acquiescence of the Authority or the entering of such order or decree without the acquiescence or consent of the Authority if it shall not be vacated, discharged or stayed within sixty (60) days after its entry; or

(vi) a petition is filed by the Authority under any Federal or State bankruptcy or insolvency law or other similar law in effect on the date of this Indenture or thereafter enacted, unless in the case of a petition filed against the Authority, such petition shall be dismissed within thirty (30) days after such filing and such dismissal shall be final and not subject to appeal or the Authority shall become insolvent or bankrupt or make an assignment for the benefit of its creditors; or a custodian (including, without limitation, a receiver, liquidator or trustee) of the Authority or any of its property shall be appointed by court order or take possession of the Authority's property or assets, if such order remains in effect or such possession continues for more than thirty (30) days; or

(vii) if default shall be made by the Authority in the performance or observance of any other of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, and such default shall continue for a period of sixty (60) days and the Authority shall have failed to commence to cure such default within such sixty (60) day period after written notice thereof to the Authority by the Trustee or to the Authority and to the Trustee by the Holders of not less than fifty-one percent (51%) in principal amount of the Bonds Outstanding; or

(viii) if the Authority shall commence a voluntary case or similar proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or shall authorize, apply for or consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator or similar official of its properties and/or its rents, fees, charges or other revenues therefrom, or shall make any general assignment for the benefit of creditors, or shall make a written declaration or admission to the effect that it is unable to meet its debts as such debts mature, or shall authorize or take any action in furtherance of any of the foregoing; or

(ix) if a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Authority in an involuntary case or similar proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or a decree or order appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for the Authority, of its properties and/or the rents, fees, charges or other revenues therefor, or a decree or order for the dissolution, liquidation or winding up of the Authority and its affairs or a decree or order finding or determining that the Authority is unable to meet its debts as such debts mature, and any such decree or order shall remain unstayed and in effect for a period of sixty (60) consecutive days;

then, in each and every case so long as such Event of Default shall not have been remedied, unless the principal of all the Bonds shall have already become due and payable, (a) upon the occurrence of an Event of Default identified in clauses (i), (ii), (iii) and (iv) of this Section 801, either the Trustee may (by notice, in writing, to the Authority), or, upon receipt of direction, in writing, from the Holders of not less than fifty-one percent (51%) in aggregate principal amount of Bonds then Outstanding (by notice, in writing, to the Authority and the Trustee), the Trustee shall, declare the principal of all Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, anything in this Indenture or in any of the Bonds to the contrary notwithstanding, or (b) upon the occurrence of an Event of Default identified in clauses (v), (vi), (vii), (viii) or (ix) of this Section 801, the Trustee shall, if so directed in writing by the Holders of not less than fifty-one percent (51%) in aggregate principal amount of Bonds then Outstanding, declare the principal of all Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything in this Indenture or in any of the Bonds contained to the contrary notwithstanding.

The right of the Trustee or of the Holders of not less than fifty-one percent (51%) in principal amount of the Bonds Outstanding to make any such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, but before the Bonds shall have matured by their terms, all overdue installments of interest upon the Bonds, together with the reasonable and proper fees, charges, expenses and liabilities of the Trustee and all other sums then payable by the Authority and the County under this Indenture (except the principal of, and interest accrued since the next preceding Interest Payment Date on the Bonds due and payable solely by virtue of such declaration) shall either be paid by or for the account of the Authority or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Bonds or under this Indenture (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be made good or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, then, and in every such case, the Holders of fifty-one percent (51%) in principal amount of the Bonds Outstanding, by written notice to the Authority and the Trustee, may rescind such declaration and annul such default in its entirety or if the Trustee shall have acted itself, and if there shall not have been theretofore delivered to the Trustee written direction to the contrary by the Holders of fifty-one percent (51%) in principal amount of the Bonds Outstanding, then any such declaration shall *ipso facto* be deemed to be rescinded and any such default shall *ipso facto* be deemed to be annulled, but no such rescission or annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

Section 802. Accounting and Examination of Records After Default. 1. The Authority covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and account of the Authority shall at all times be subject to the inspection and use of the Trustee and of their agents and attorneys.

2. The Authority covenants that if an Event of Default shall have happened and shall not have been remedied, the Authority, upon demand of the Trustee will account, as if it were the trustee of an express trust, for all Revenues and other moneys, securities and funds pledged or held under this Indenture for such period as shall be stated in such demand.

Section 803. Application of Pledged Property After Default. 1. The Authority covenants that if an Event of Default shall happen and shall not have been remedied, the Authority, upon the demand of the Trustee, shall pay over or cause to be paid over to the Trustee or its agent in trust: (i) forthwith, all Pledged Property then held by the Authority under this Indenture; and (ii) all Revenues, if any, which are not paid directly to the Trustee as promptly as practicable after receipt thereof.

2. During the continuance of an Event of Default, the Trustee shall apply the Pledged Property, including all moneys, securities, funds and Revenues received by the Trustee pursuant to any right given or action taken under the provisions of this Article VIII together with all funds held by the Trustee in any Funds or Accounts under this Indenture as follows and in the following order:

(i) Expenses of Fiduciaries -- to the payment of the reasonable and proper fees (including reasonable attorneys' fees), charges, expenses and liabilities of the Fiduciaries;

(ii) Principal and Interest -- to the payment of the interest and principal then due on the Bonds, as follows:

(a) unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: Interest -- To the payment to the Persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any discrimination or preference; and

Second: Principal -- To the payment to the Persons entitled thereto of the unpaid principal of any Bonds which shall have become due in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Bonds of any Series due on any date, then to the payment thereof ratably, according to the amounts of principal due on such date, to the Persons entitled thereto, without any discrimination or preference;

(b) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

3. Whenever all overdue installments of all Bonds, together with the reasonable and proper charges, fees (including reasonable attorneys' fees), expenses and liabilities of the Trustee, and all other sums payable by the Authority under this Indenture, including the principal of and accrued unpaid interest on all Bonds which shall then be payable, by declaration or otherwise shall either be paid by or for the account of the Authority, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under this Indenture or the Bonds shall be made good or secured to the satisfaction of the Trustee or

provision deemed by the Trustee to be adequate shall be made therefor, the Trustee shall pay over to the Authority all moneys, securities and funds then remaining unexpended in the hands of the Trustee (except moneys, securities and funds deposited or pledged, or required by the terms of this Indenture to be deposited or pledged, with the Trustee) and thereupon the Authority and the Trustee shall be restored, respectively, to their former positions and rights under this Indenture. No such payment over to the Authority by the Trustee nor such restoration of the Authority and the Trustee to their former positions and rights shall extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

Section 804. Proceedings Brought by Trustee. 1. If an Event of Default shall happen and shall not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, may proceed, and upon written request of the Holders of not less than fifty-one percent (51%) in principal amount of the Bonds Outstanding so in default shall proceed, to protect and enforce its rights and the rights of the Holders of the Bonds so in default under this Indenture forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant herein contained, or in aid of the execution of any power herein granted, or for an accounting against the Authority as if the Authority were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under this Indenture.

2. All rights of action under this Indenture may be enforced by the Trustee without the possession of any of the Bonds so in default or the production thereof at the trial or other proceedings, and any such suit or proceedings instituted by the Trustee shall be brought in its name.

3. The Holders of fifty-one percent (51%) in principal amount of the Bonds so in default at the time Outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee.

4. Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under this Indenture, the Trustee shall be entitled to exercise any and all rights and powers conferred in this Indenture and provided to be exercised by the Trustee upon the occurrence of any Event of Default.

5. Regardless of the happening of an Event of Default, the Trustee shall have power to, but unless requested in writing by the Holders of fifty-one percent (51%) in principal amount of the Bonds so in default then Outstanding and furnished with adequate security and indemnity satisfactory to the Trustee, shall be under no obligation to, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under this Indenture by any acts which may be unlawful or in violation of this Indenture, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders.

Section 805. Restrictions on Bondholder's Action. 1. No Holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of this Indenture or the execution of any trust under this Indenture or for any remedy under this Indenture, unless such Holder shall have previously given to the Trustee written notice of the happening of an Event of Default, as provided in this Article VIII, and the Holders of at least fifty-one percent (51%) in principal amount of the Bonds so in default then Outstanding shall have filed a written request with the Trustee and shall have offered it reasonable opportunity either to exercise the powers granted in this Indenture or by the Act or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such Holders shall have offered to the Trustee adequate security and indemnity satisfactory to the Trustee against the costs, fees (including reasonable attorneys' fees), expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of thirty (30) days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by this Indenture, or to enforce any right under this Indenture, except in the manner herein provided; and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner provided in this Indenture and for the equal benefit of all Holders of the Outstanding Bonds, subject only to the provisions of Section 802 hereof.

2. Nothing contained in this Indenture or in the Bonds shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay at the respective dates of maturity and places therein expressed, the principal of (and redemption premium, if any) and interest on the Bonds to the Holders thereof, but solely to the extent of the pledged property, or affect or impair the right of action, which is also absolute and unconditional, of any Holder to enforce such payment of his Bond.

Section 806. Remedies Not Exclusive. No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Indenture or existing at law or in equity or by statute on or after the date of execution and delivery of this Indenture.

Section 807. Effect of Waiver and Other Circumstances. 1. No delay or omission of the Trustee or any Bondholder to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default or be an acquiescence therein; and every power and remedy given by this Article VIII to the Trustee or to the Bondholders may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Bondholders.

2. Prior to the declaration of maturity of the Bonds as provided in Section 801 hereof, the Holders of fifty-one percent (51%) in principal amount of the Bonds at the time Outstanding, or their attorneys-in-fact duly authorized, may on behalf of the Holders of all of the Bonds so in default waive any past default under this Indenture and its consequences, except a default in the payment of interest on or principal of or redemption premium (if any) on any of the Bonds. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 808. Notice of Default. The Trustee shall promptly mail written notice of the occurrence of any Event of Default of which the Trustee has actual knowledge to each Registered Owner of Bonds so in default then Outstanding at his address, if any, appearing upon the registry books of the Authority. The Trustee shall also give prompt notice of the occurrence of an Event of Default of which the Trustee has actual knowledge to the Authority and the Paying Agent. For purposes of this Section 808, the Trustee will be deemed to have actual knowledge only if an officer of the corporate trust department of the Trustee has actual first-hand knowledge thereof. The Trustee shall be deemed to have actual knowledge of any payment default if the Trustee shall not have received payment on the date on which such payment was due.

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ARTICLE IX

CONCERNING THE FIDUCIARIES

Section 901. Acceptance of Trusts; Certain Duties and Responsibilities. The Trustee accepts and agrees to execute the trusts imposed upon it by this Indenture, but only upon the following terms and conditions:

(a) Except during the continuance of an Event of Default,

(i) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(b) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent trustee would exercise or use under the circumstances.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

(i) this subsection shall not be construed to limit the effect of subsection (a) of this Section 901;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by an authorized officer of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in principal amount of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture, and

(iv) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section 901.

Section 902. Certain Rights of Trustee. Except as otherwise provided in Section 901 hereof:

(a) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The Trustee shall be entitled to rely conclusively upon a certificate of Authorized Authority Representative or a certificate of an Authorized County Representative as to the sufficiency of any request or direction of the County or the Authority, as applicable, mentioned herein, the existence or non-existence of any fact or the sufficiency or validity of any instrument, paper or proceeding, or that a resolution in the form therein set forth has been adopted by the County or a resolution of the Authority has been duly adopted, and is in full force and effect.

(c) Whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, conclusively rely upon a certificate of Authorized Authority Representative or a certificate of an Authorized County Representative, as applicable.

(d) The Trustee may consult with counsel, and the advice or opinions of such counselor any Opinion of Counsel may be conclusively relied upon by the Trustee and shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by the Trustee hereunder in good faith and in reliance thereon.

(e) Notwithstanding anything elsewhere in this Indenture contained, before taking any action under this Indenture, the Trustee may require that satisfactory indemnity be furnished to it for the payment or reimbursement of all reasonable fees, costs and expenses to which it may be put and to protect it against all liability which it may incur in or by reason of such action, including those arising in connection with any environmental claim and the fees and expenses of attorneys, except liability which is adjudicated to have resulted from its gross negligence or willful misconduct by reason of any action so taken.

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Authority, personally or by agent or attorney.

(g) The Trustee assumes no responsibility for the correctness of the recitals contained in this Indenture and in the Bonds, except the certificate of authentication on the Bonds. The Trustee makes no representations to the value or condition of the Pledged Property or any part thereof, or as to the title thereto or as to the security afforded thereby or hereby, or as to the validity or sufficiency of this Indenture or of the Bonds. The Trustee shall not be accountable for the use or application by the Authority of any of the Bonds or the proceeds thereof or of any money paid to or upon the order of the Authority under any provision of this Indenture.

(h) The Trustee or any of its affiliates, in its individual or any other capacity, may become the Owner or pledgee of Bonds and may otherwise deal with the Authority with the same rights it would have if it were not Trustee.

(i) All money received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received. Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law or by this Indenture. The Trustee shall be under no liability for interest on any money received by it hereunder except for accounting for earnings on Investment Securities.

(j) The Trustee may execute any of the trusts and powers hereunder or perform any duties hereunder either directly or, to the extent that it may reasonably determine is necessary or appropriate to the conduct of its duties hereunder, by or through agents, attorneys or receivers, and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent, attorney or receiver appointed by it with due care hereunder, taking into account the duties with respect to which such Person is appointed, and the Trustee shall not be required to give any bond or surety in respect of the execution, delivery or administration of this Indenture. This subparagraph shall not be interpreted as absolving the Trustee of responsibility with respect to duties customarily performed by corporate trustees in the ordinary course of business without the employment of agents, attorneys or receivers.

(k) The Trustee may elect not to proceed in accordance with the directions of the Owners without incurring any liability to the Owners if in the opinion of the Trustee such direction may result in liability to the Trustee, in its capacity as Trustee or in an individual capacity for which the Trustee has not received indemnity pursuant to Section 902(e) hereof from the Owners and the Trustee may conclusively rely upon an Opinion of Counsel addressed to the Authority and the Trustee in determining whether any action directed by Owners or the Authority may result in such liability.

(l) Notwithstanding any other provision of this Indenture to the contrary, any provision intended to provide authority to act, right to payment of fees and expenses, protection, immunity and indemnification to the Trustee shall be interpreted to include any action of the Trustee whether it is deemed to be in its capacity as Trustee, Bond Registrar or Paying Agent.

(m) Except as otherwise expressly provided hereunder, the Trustee shall not be required to give or furnish any notice, demand, report, reply, statement, advice or opinion to any Owner, the County, the Authority or any other Person, and the Trustee shall not incur any liability for its failure or refusal to give or furnish the same unless obligated or required to do so by express provisions hereof.

(n) The Trustee shall have no responsibility with respect to any information in any offering memorandum or other disclosure material distributed with respect to the Bonds or for compliance with securities laws in connection with the sale and issuance of the Bonds.

(o) The Trustee shall have no responsibility with respect to compliance by the Authority with Section 148 of the Internal Revenue Code or any covenant in this Indenture regarding yields on investments.

(p) The Trustee shall not be required to give a bond or surety to act under this Indenture.

The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty, and the Trustee shall not be answerable for other than its gross negligence or willful misconduct.

Section 903. Notice of Defaults. The Trustee shall not be required to take notice or be deemed to have notice of any default or Event of Default hereunder except failure by the Authority to cause to be made any of the payments to the Trustee required to be made by Article V hereof, unless the Trustee shall be specifically notified in writing of such default or Event of Default by the Authority, the County, or the Owners of at least 10% in principal amount of all Bonds Outstanding, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid. Within 30 days after the occurrence of any Event of Default hereunder of which the Trustee is required to take notice or has received notice as provided in this Section 903, the Trustee shall give written notice of such Event of Default by first-class mail to all Owners of Bonds as shown on the Bond Register maintained by the Trustee, unless such default shall have been cured or waived; provided that, except in the case of a default in the payment of the principal of (or redemption premium, if any) or interest on any Bond, the Trustee shall be protected in withholding such notice from Bondholders if and so long as the Trustee in good faith determines that the withholding of such notice is in the interests of the Bondholders. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default.

Section 904. Compensation and Reimbursement. The Trustee shall be entitled to payment or reimbursement:

(a) from time to time for reasonable compensation for services performed by the Trustee under this Indenture (which in the case of compensation for the Trustee's services shall be agreed upon by the Authority), which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust;

(b) except as otherwise expressly provided herein, upon its request, for all services performed by the Trustee (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Trustee's gross negligence, willful misconduct or bad faith; and

(c) of indemnification for, and to be held harmless against, any loss, liability or expense incurred in connection with the Series 2019 Bonds or the Construction Project.

The Authority hereby agrees to pay to the Trustee all reasonable fees, charges, advances and expenses of the Trustee and to reimburse the Trustee and hold it harmless, and the Trustee agrees to look only to the Authority for the payment of all reasonable fees, charges, advances and expenses of the Trustee.

All indemnity provisions in favor of the Trustee under this Indenture shall be to the extent permitted by law and shall survive the termination of this Indenture and the removal or resignation of the Trustee.

Section 905. Corporate Trustee Required; Eligibility. There shall at all times be a Trustee hereunder which shall be a bank, national banking association or trust company organized and doing business under the laws of the United States of America or of any state thereof, authorized under such laws to exercise corporate trust powers, subject to supervision or examination by federal or state authority, with trust and fiduciary powers in the State, and having a combined capital and surplus of at least $75,000,000 or having its obligations hereunder guaranteed by an affiliated entity with a combined capital and surplus of at least $75,000,000. If such corporation or association publishes reports of condition at least annually, pursuant to law or to the requirements of such supervising or examining authority, then for the purposes of this Section 905, the combined capital and surplus of such corporation or association shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with this Section, it shall resign immediately in the manner and with the effect specified in this Article.

Section 906. Resignation and Removal of Trustee.

(a) The Trustee may resign at any time by giving written notice thereof to the Authority and each Owner of Bonds Outstanding as their names and addresses appear in the Bond Register maintained by the Trustee. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may, at the expense of the Authority, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(b) The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Authority, and the Trustee signed by the Owners of a majority in principal amount of the Outstanding Bonds. In addition, the Authority (so long as the Authority is not in default under this Indenture and no condition exists that, with the giving of notice or the passage of time, or both, would constitute a default or an Event of Default) may remove the Trustee at any time for any reason. The Authority or any Bondholders may at any time petition any court of competent jurisdiction for the removal for cause of the Trustee.

(c) If at any time:

(i) the Trustee shall cease to be eligible under Section 905 hereof and shall fail to resign after written request therefor by the Authority or by any such Bondholders, or

(ii) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (a) the Authority may remove the Trustee, or (b) any Bondholders may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(d) The successor Trustee shall give notice of such resignation or such removal of the Trustee and such appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the Registered Owners of Bonds as their names and addresses appear in the Bond Register maintained by the Trustee. Each notice shall include the name of the successor Trustee and the address of its Principal Office.

(e) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article IX shall become effective until the acceptance of appointment by the successor Trustee under Section 907 hereof.

Section 907. Appointment of Successor Trustee. If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Trustee for any cause, the Authority (so long as no Event of Default and no condition exists that, with the giving of notice or the passage of time, or both, would constitute a default or an Event of Default hereunder has occurred and is continuing) with the written consent of the Owners of a majority in principal amount of Bonds Outstanding (if an Event of Default hereunder has occurred and is continuing), the Authority and the retiring Trustee, shall promptly appoint a successor Trustee. In case all or substantially all of the Pledged Property shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a temporary successor to fill such vacancy until a new Trustee shall be so appointed by the Authority or the Bondholders. If a successor Trustee shall be appointed in the manner herein provided, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the retiring Trustee and any temporary successor Trustee appointed by such receiver or trustee. If, within 30 days after such resignation, removal or incapability or the occurrence of such vacancy, no successor Trustee shall have been so appointed and accepted appointment in the manner herein provided, the Authority (so long as no Event of Default hereunder has occurred and is continuing and no condition exists that, with the giving of notice or the passage of time, or both, would constitute a default or an Event of Default) or the Owners of a majority in principal amount of Bonds Outstanding may appoint, or the Authority or the retiring Trustee, at the expense of the Authority, or any Bondholders may petition any court of competent jurisdiction for the appointment of, a temporary successor Trustee, until a successor shall have been appointed as above provided. The temporary successor so appointed shall immediately and without further act be superseded by any successor Trustee appointed as above provided. Every such successor Trustee appointed pursuant to this Section 907 shall be a bank or national banking association with trust powers or trust company in good standing under the laws of the jurisdiction in which it was created and by which it exists, meeting the eligibility requirements of this Article IX.

Section 908. Acceptance of Appointment by Successor. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Authority and the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee, but, on request of the Authority or the successor Trustee, such retiring Trustee shall, upon payment of its fees and charges, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring

Trustee hereunder, subject nevertheless to its lien, if any, provided for in Section 904 hereof and thereupon, all duties and obligations of the retiring Trustee hereunder shall cease and terminate. Upon request of any such successor Trustee, the Authority shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers and busts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

Section 909. Merger, Consolidation and Succession to Business. Any corporation or association into which the Trustee may be merged or with which it may be consolidated, or any corporation or association resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation or association shall be otherwise qualified and eligible under this Article, and shall be vested with all of the title to the whole property or Pledged Property and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger or consolidation to such authenticating Trustee may adopt such authentication and deliver such Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated such Bonds.

Section 910. Designation of Paying Agents. The Trustee is hereby designated and agrees to act as principal Paying Agent for and in respect to the Bonds. The Authority may cause the necessary arrangements to be made through the Trustee and to be thereafter continued for the designation of alternate Paying Agents, if any, and for the making available of funds hereunder for the payment of the principal of, redemption premium, if any, and interest on the Bonds, or at the Principal Office of said alternate Paying Agents. In the event of a change in the office of Trustee, the predecessor Trustee which has resigned or been removed shall cease to be trustee of any funds provided hereunder and Paying Agent for principal of, redemption premium, if any, and interest on the Bonds, and the successor Trustee shall become such Trustee and Paying Agent unless a separate Paying Agent or Agents are appointed in connection with the appointment of any successor Trustee.

Section 911. Advances by Trustee. If the Authority shall fail to make any payment or perform any of its covenants, the Trustee may (but shall in no case be required), at any time and from time to time, use and apply any moneys held by it under this Indenture, or make advances, to effect payment or performance of any such covenant on behalf of the Authority. All moneys so used or advanced by the Trustee, together with interest at the Prime Rate plus 2%, shall be repaid by the Authority upon demand and such advances shall be secured under this Indenture prior to the Bond Payment Obligations. For the repayment of all such advances the Trustee shall have the right to use and apply any moneys at any time held by it (except the moneys in the Rebate Fund) under this Indenture but no such use of moneys or advance shall relieve the Authority from any default hereunder.

Section 912. Notice to Rating Agencies. The Trustee shall promptly give written notice to each Rating Agency by registered or certified mail, postage prepaid, of the occurrence of any of the following events: (i) the appointment of a successor Trustee hereunder; (ii) the date that no Bonds remain Outstanding; (iii) the Trustee becomes aware of any material change made in this Indenture; (iv) any redemption of Bonds pursuant to this Indenture other than mandatory sinking fund redemptions, if any; or (v) the acceleration of the Bonds in accordance with Article VIII hereof.

Section 913. L. 2005, c. 92 Covenant. In accordance with L. 2005, c. 92, the Trustee covenants and agrees that all services performed under this Indenture shall be performed within the United States of America.

Section 914. Compliance with L. 2005, c. 51. The Trustee represents and warrants that all information, certifications and disclosure statements previously provided in connection with L. 2005, c. 51, which codified Executive Order No. 134 (McGreevey 2004), are true and correct as of the date hereof and that all such statements have been made with full knowledge that the Authority has relied upon the truth of the statements contained therein in engaging the Trustee in connection with the Bonds. The Trustee agrees that it will maintain continued compliance with L. 2005, c. 51 and any regulations pertaining thereto. The Trustee acknowledges that upon its failure to make required filings thereunder or the making of a contribution prohibited thereunder the Authority may remove the Trustee as trustee under this Indenture and may exercise any remedies afforded to it at law or in equity.

Section 915. Compliance with L. 2005, c. 271 Reporting Requirements. The Trustee hereby acknowledges that it has been advised of its responsibility to file an annual disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission ("ELEC") pursuant to *N.J.S.A.* 19:44A-20.13 (L. 2005, c. 271, section 3) if the Trustee enters into agreements or contracts, such as this Indenture, with a New Jersey public entity, such as the Authority, and receives compensation or fees in excess of $50,000 or more in the aggregate from New Jersey public entities, such as the Authority, in a calendar year. It is the Trustee's responsibility to determine if filing is necessary. Failure to do so can result in the imposition of financial penalties by ELEC. Additional information about this requirement is available from ELEC at 888-313-3532 or at www.elec.state.nj.us.

Section 916. Conflict Between Provisions of Indenture and County Guaranty. In the event the Trustee, in the performance of its fiduciary responsibilities, determines there are conflicts, ambiguities or inconsistencies between the provisions of the County Guaranty and this Indenture, the Trustee may rely upon a written opinion from Bond Counsel addressed to the Authority, the County and the Trustee directing the Trustee to adhere to the provisions of either the County Guaranty or this Indenture. The Trustee shall be fully protected in the performance of its fiduciary responsibilities to the extent it acts in accordance with such opinion.

[Section 917. Provisions Relating to the Policy With Respect to the Series 2019 Bonds.

(a) The following provisions shall be applicable to the Series 2019 Bonds in connection with the issuance of the Policy by the Insurer:

(i) Wherever any Security Document requires the consent of the Bondholders, the Insurer's consent shall also be required. In addition, any amendment, supplement or modification to the Security Documents that adversely affect the rights or interests of the Insurer shall be subject to the prior written consent of the Insurer.

(ii) Anything in any Security Document to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, the Insurer shall be deemed to be the sole holder of the Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Series 2019 Bonds or the Trustee for the benefit of such holders under any Security Document. The Trustee may not waive any default or event of default or accelerate the Series 2019 Bonds without the Insurer's written consent.

(iii) The Insurer is explicitly recognized as and shall be deemed to be a third party beneficiary of the Security Documents and may enforce any right, remedy or claim conferred, given or granted thereunder.

(iv) In the event that principal and/or interest due on the Series 2019 Bonds shall be paid by the Insurer pursuant to the Policy, the Series 2019 Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Authority, the assignment and pledge of the Pledged Property and all covenants, agreements and other obligations of the Authority to the registered owners shall continue to exist and shall run to the benefit of the Insurer, and the Insurer shall be subrogated to the rights of such registered owners including, without limitation, any rights that such owners may have in respect of securities law violations arising from the offer and sale of the Series 2019 Bonds.

(v) Irrespective of whether any such assignment is executed and delivered, the Authority and the Trustee shall agree for the benefit of the Insurer that:

> (A) They recognize that, to the extent the Insurer makes payments directly or indirectly (e.g., by paying through the Trustee), on account of principal of or interest on the Series 2019 Bonds, the Insurer will be subrogated to the rights of such holders to receive the amount of such principal and interest from the Authority, with interest thereon, as provided and solely from the Pledged Property; and
>
> (B) They will accordingly pay to the Insurer the amount of such principal and interest, with interest thereon, but only from the Pledged Property, and will otherwise treat the Insurer as the owner of such rights to the amount of such principal and interest.

(vi) If an Insurer Default (as hereinafter defined) shall occur and be continuing, then, notwithstanding anything in paragraph (v) above to the contrary: (1) if at any time prior to or following an Insurer Default, the Insurer has made payment under the Policy, to the extent of such payment the Insurer shall be treated like any other holder of the Series 2019 Bonds for all purposes, including giving of consents; and (2) if the Insurer has not made any payment under the Policy, the Insurer shall have no further consent rights until the particular Insurer Default is no longer continuing or the Insurer makes a payment under the Policy, in which event, the foregoing clause (1) shall control.

(vii) For purposes of paragraph (vi) above, "Insurer Default" shall mean:

(A) The Insurer has failed to make any payment under the Policy when due and owing in accordance with its terms; or

(B) The Insurer shall: (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law; (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition; (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property; (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding; (v) make a general assignment for the benefit of creditors; or (vi) take action for the purpose of effecting any of the foregoing; or

(C) Any state or federal agency or instrumentality shall order the suspension of payments on the Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of the Insurer (including without limitation under the New York Insurance Law).]

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ARTICLE X

SUPPLEMENTAL INDENTURES

Section 1001. Supplemental Indentures Not Requiring Consent of Bondholders. The Authority and the Trustee may from time to time, without the consent of or notice to any of the Bondholders, enter into one or more Supplemental Indentures, for anyone or more of the following purposes:

(a) To close this Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained in this Indenture on, the authentication and delivery of Bonds or the issuance of other evidences of indebtedness; or

(b) To add to the covenants and agreements of the Authority in this Indenture, other covenants and agreements to be observed by the Authority which are not contrary to or inconsistent with this Indenture or the County Guaranty as theretofore in effect; or

(c) To add to the limitations and restrictions in this Indenture, other limitations and restrictions to be observed by the Authority which are not contrary to or inconsistent with this Indenture as theretofore in effect; or

(d) To authorize Bonds of a Series and, in connection therewith, specify and determine, or delegate to an Authorized Authority Representative the power to specify and determine, the matters and things referred to in Sections 202 and 205 hereof and also any other matters and things relative to such Bonds (including any Series thereof) which are not contrary to or inconsistent with this Indenture as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Bonds (including any Series thereof); or

(e) Notwithstanding any other provisions of this Indenture, to authorize a Series of Bonds having terms and provisions different than the terms and provisions theretofore provided in this Indenture including, but not limited to, provisions relating to the timing of the payment of interest, maturity amounts and valuation as of a given time, and authorizing the form of the bond for such Series of Bonds; provided that the authorization and issuance of such Series of Bonds shall not in any manner impair or adversely affect the rights or security of the Bondholders under this Indenture; or

(f) To authorize, in compliance with all applicable law, Bonds of each Series to be issued in the form of fully registered Bonds issued and held in certificated or book-entry form on the books of the Authority, any Fiduciary or custodian appointed for that purpose by the Authority and, in connection therewith, make such additional changes herein, not adverse to the rights of the Holders of the Bonds, as are necessary or appropriate to accomplish or recognize such certificated or book-entry form Bonds, substitute for any such Fiduciary or custodian, provide for in, and amend any provisions in, this Indenture relating to the giving of notice, and specify and determine the matters and things relative to the issuance of such certificated or book-entry form Bonds as are appropriate or necessary; or

(g) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Indenture, of the Revenues or of any other moneys, securities or Funds; or

(h) To confirm, as further assurance, any pledge or assignment under, and the subjection to any security interest, pledge or assignment created or to be created by, this Indenture of the Pledged Property and to pledge any additional revenues, moneys, securities or other agreements; or

(i) To modify any of the provisions of this Indenture in any other respect whatsoever, provided that: (i) such modification shall be, and be expressed to be, effective only after all Bonds of each Series Outstanding at the date of the adoption of such Supplemental Indenture shall cease to be Outstanding; or (ii) if such modification shall become effective prior to the authentication and delivery of the first Bond authorized to be issued pursuant to this Indenture, each Supplemental Indenture shall be specifically referred to in the text of all Bonds authenticated and delivered after the date of the adoption of such Supplemental Indenture and of Bonds issued in exchange therefor or in place thereof;

(j) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Indenture; or

(k) To insert such provisions clarifying matters or questions arising under this Indenture as are necessary or desirable and are not contrary to or inconsistent with this Indenture as theretofore in effect.

Section 1002. Supplemental Indentures Requiring Consent of Bondholders. Subject to Section 1004 hereof, with the consent of the Owners of not less than a majority in principal amount of the Bonds then Outstanding, the Authority and the Trustee may from time to time enter into such other Supplemental Indenture or Supplemental Indentures as shall be deemed necessary or desirable by the Trustee for the purpose of modifying, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any Supplemental Indenture; provided that nothing in this Section 1002 contained shall permit or be construed as permitting without the consent of the Owners of all of the Bonds then Outstanding:

(a) an extension of the maturity of the principal of or the scheduled date of payment of interest on any Bond, or

(b) a reduction in the principal amount, redemption premium, or any interest payable on any Bond, or

(c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or

(d) a reduction in the aggregate principal amount of Bonds the Owners of which are required for consent to any such Supplemental Indenture.

If at any time the Authority shall request the Trustee to enter into any such Supplemental Indenture for any of the purposes of this Section 1002, the Trustee shall cause notice of the proposed execution of such Supplemental Indenture to be mailed by first-class mail to each

Bondholders. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the Principal Office of the Trustee for inspection by all Bondholders s. If within 60 days or such longer period as shall be prescribed by the Authority following the mailing of such notice, the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof as herein provided, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Indenture as in this Section 1002 permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

Section 1003. Opinion of Bond Counsel. Notwithstanding anything to the contrary in Sections 1001 or 1002 hereof, concurrently with the entry by the Authority and the Trustee into any Supplemental Indenture pursuant to Sections 1001 or 1002 hereof, there shall be delivered to the Authority and the Trustee an opinion of Bond Counsel. The Trustee may conclusively rely on such opinion when consenting to such Supplemental Indenture, which shall, in addition to its other elements, opine to the effect that such Supplemental Indenture is permitted under this Article X and is duly authorized, validly executed and delivered and is legally valid and binding upon the Authority.

Section 1004. Consents and Other Instruments by Bondholders. Any consent, request, direction, approval, objection or other instrument required by this Indenture (other than the assignment of any Bond) to be signed and executed by the Bondholders s may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders s in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken, suffered or omitted under any such instrument, namely:

(a) The fact and date of the execution by any Person of any such instrument may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the Person signing such instrument acknowledged before him the execution thereof, or by affidavit of any witness to such execution.

(b) The fact of ownership of Bonds and the amount or amounts, numbers and other identification of such Bonds, and the date of holding the same shall be proved by the Bond Register.

In determining whether the Owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under this Indenture, Bonds owned by the Authority shall be disregarded and deemed not to be Outstanding under this Indenture, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds with respect to which the Trustee has received written notice of such ownership shall be so disregarded. Notwithstanding the foregoing, Bonds so owned which have been pledged in good faith shall not be disregarded as aforesaid if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Authority.

Section 1005. Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as in this Article X provided may, and, if the Trustee so determines upon advice of counsel, shall, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to such action, and in that case upon demand of the Holder of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the principal corporate trust office of the Trustee or upon any transfer or exchange of any Bond Outstanding at such effective date, suitable notation shall be made on such Bond or upon any Bond issued upon any such transfer or exchange by the Trustee as to any such action. If the Authority or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Authority to conform to such action shall be prepared, authenticated and delivered, and upon demand of the Holder of any Bond then Outstanding shall be exchanged, without cost to such Bondholder, for Bonds of the same Series and maturity then Outstanding, upon surrender of such Bonds.

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ARTICLE XI

MISCELLANEOUS

Section 1101. Defeasance. 1. If, subject to the provisions set forth in the next succeeding sentence, the Authority shall pay or cause to be paid, or there shall otherwise be paid, to or for the account of the Holders of all Bonds the principal, redemption premium, if any, and interest due or to become due thereon, at the times and in the manner stipulated in the Bonds and in this Indenture, then the pledge of the Pledged Property, any Revenues and other moneys and securities pledged under this Indenture and all covenants, agreements and other obligations of the County to the Bondholders under the provisions of the County Guaranty shall thereupon cease, terminate and become void and be discharged and satisfied. Upon the request of the Authority, the Trustee shall execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the Authority all moneys or securities held by them pursuant to this Indenture which are not required for the payment of principal of, redemption premium, if any, and interest on Bonds not theretofore surrendered for such payment or redemption. If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Outstanding Bonds of a particular maturity or particular Bonds within a maturity, the principal of, redemption premium, if any, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Indenture, such Bonds shall cease to be entitled to any lien, benefit or security under this Indenture and the County Guaranty and all covenants, agreements and obligations of the Authority and the County to the Holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

2. Principal and/or interest installments for the payment or redemption of which moneys or Investment Securities shall have been set aside and shall be held in trust by the Trustee or Paying Agents (through deposit by the Authority of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in subsection (1) of this Section 1101. Subject to the provisions of subsection (3) through subsection (5) of this Section 1101, all Outstanding Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (1) of this Section 1101 if (a) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Investment Securities (including any Investment Securities issued or held in book-entry form on the books of the Department of the Treasury of the United States) the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price of and interest due and to become due on said Bonds on or prior to the redemption or maturity date thereof, as the case may be, and (b) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee, in form satisfactory to it, irrevocable instructions to mail as provided in Article IV hereof a notice to the Holders of such Bonds that the deposit required by subclause (a) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section 1101 and stating such maturity or redemption date upon which moneys are expected, subject to the provisions of subsection (6) of this Section 1101, to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds, and (c) in case any of said Bonds are to be redeemed on any date prior to their maturity,

the Authority shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to mail as provided in Article IV hereof notice of redemption of such Bonds (other than Bonds which have been purchased by the Trustee at the direction of the Authority or purchased or otherwise acquired by the Authority and delivered to the Trustee as hereinafter provided prior to the mailing of such notice of redemption) on said date. Any notice of redemption mailed pursuant to the preceding sentence with respect to Bonds which constitute less than all of the Outstanding Bonds of any maturity within a Series shall specify the letter and number or other distinguishing mark of each such Bond. For purposes of this Section 1101 only, the term Investment Securities shall mean only those Investment Securities described in clause b.(1) of the definition of "Investment Securities" contained in Section 101 hereof unless the Authority shall have received written confirmation from Moody's, if the Bonds are then rated by Moody's, S&P, if the Bonds are then rated by S&P, and Fitch, if the Bonds are then rated by Fitch, that defeasance with Investment Securities other than those described in such clause b.(1) of the definition of "Investment Securities" will result in the Bonds being rated in the highest investment grade or category of each such rating agency. The Trustee shall, if so directed by the Authority prior to the maturity date of Bonds deemed to have been paid in accordance with this Section 1101 which are not to be redeemed prior to their maturity date or prior to the maturity date of any Bonds deemed to have been paid in accordance with this Section 1101 which are to be redeemed on any date prior to their maturity, apply moneys deposited with the Trustee in respect of such Bonds and redeem or sell Investment Securities so deposited with the Trustee and apply the proceeds thereof to the purchase of such Bonds so purchased; provided, however, that the moneys and Investment Securities remaining on deposit with the Trustee after the purchase and cancellation of such Bonds shall be sufficient (as verified by an independent certified public accountant, as stated in a verification report addressed to the Authority and the Trustee) to pay when due the Principal Installment, redemption premium, if any, and interest due or to become due on all Bonds, in respect of which such moneys and Investment Securities are being held by the Trustee on or prior to the redemption date or maturity date thereof, as the case may be. If, at any time prior to the maturity date of Bonds deemed to have been paid in accordance with this Section 1101 which are not to be redeemed prior to their maturity date or Bonds which are to be redeemed prior to their maturity date, the Authority shall purchase or otherwise acquire any such Bonds and deliver such Bonds to the Trustee prior to their maturity date, the Trustee shall immediately cancel all such Bonds so delivered; such delivery of Bonds to the Trustee shall be accompanied by directions from the Authority to the Trustee as to the manner in which such Bonds are to be applied against the obligation of the Trustee to pay Bonds deemed paid in accordance with this Section 1101. The directions given by the Authority to the Trustee referred to in the preceding sentences shall also specify the portion, if any, of such Bonds so purchased or delivered and canceled to be applied against the obligation of the Trustee to pay Bonds deemed paid in accordance with this Section 1101 upon their maturity date or dates and the portion, if any, of such Bonds so purchased or delivered and canceled to be applied against the obligation of the Trustee to redeem Bonds deemed paid in accordance with this Section 1101 on any date or dates prior to their maturity. In the event that on any date as a result of any purchases, acquisitions and cancellations of Bonds as provided in this Section 1101 such amount is in excess (as verified by an independent certified public accountant addressed to the Authority and the Trustee) of the total amount which would have been required to be deposited with the Trustee on such date in respect of the remaining Bonds in order to satisfy subclause (a) of this subsection (2) of Section 1101, the Trustee shall, upon written direction of the Authority amounts due pursuant to this Indenture, if any, pay the amount of such excess to the Authority free and clear of any trust, lien, pledge or assignment securing said Bonds or otherwise existing under this

Indenture. Except as otherwise provided in this subsection (2) of Section 1101 and in subsection (3) through subsection (5) of this Section 1101, neither Investment Securities nor moneys deposited with the Trustee pursuant to this Section 1101 nor principal or interest payments on any such Investment Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, redemption premium, if any, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Investment Securities deposited with the Trustee, (A) to the extent such cash will not be required (as verified by an independent certified public accountant as stated in a verification report addressed to the Authority and the Trustee) at any time for such purpose shall, upon written direction of the Authority and after payment of all unpaid amounts due pursuant to this Indenture, if any, be paid over to the Authority, free and clear of any trust, lien, pledge or assignment securing said Bonds or otherwise existing under this Indenture, and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Investment Securities maturing at times and in amounts sufficient (as verified by an independent certified public accountant as stated in a verification report addressed to the Authority and the Trustee) to pay when due the principal of, redemption premium, if any, and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and any interest earned from such reinvestment shall, to the extent not needed to pay then due principal of, redemption premium, if any, and interest on said Bonds and upon written direction of the Authority and after payment of all unpaid amounts due pursuant to this Indenture, if any, be paid over to the Authority, free and clear of any trust, lien, pledge or assignment securing said Bonds or otherwise existing under this Indenture. For the purposes of this Section 1101, Investment Securities shall mean and include only (x) such securities as are described in this subsection 1101(2) which shall not be subject to redemption prior to their maturity other than at the option of the Holder thereof, (y) such securities as are described in this subsection 1101(2) which shall not be subject to redemption prior to their maturity other than at the option of the Holder thereof or as to which an irrevocable notice of redemption of such securities on a specified redemption date has been given and such securities are not otherwise subject to redemption prior to such specified date other than at the option of the Holder thereof, or (z) upon compliance with the provisions of subsection (3) of this Section 1101, such securities as are described in this subsection 1101(2) which are subject to redemption prior to maturity at the option of the issuer thereof on a specified date or dates.

3. Investment Securities described in clause (z) of subsection (2) of this Section 1101 may be included in the Investment Securities deposited with the Trustee in order to satisfy the requirements of subclause (a) of subsection (2) of this Section 1101 only if the determination as to whether the moneys and Investment Securities to be deposited with the Trustee in order to satisfy the requirements of such subclause (a) would be sufficient to pay when due either on the maturity date or the redemption date thereof, the principal of, redemption premium, if any, and interest on the Bonds (including any Series thereof) which will be deemed to have been paid as provided in subsection (2) of this Section 1101 is made both (i) on the assumption that the Investment Securities described in clause (z) were not redeemed at the option of the issuer prior to the maturity date thereof; and (ii) on the assumption that such Investment Securities would be redeemed by the issuer thereof at its option on each date on which such option could be exercised, that as of such date or dates interest ceased to accrue on such Investment Securities and that the proceeds of such redemption would not be reinvested by the Trustee.

4. In the event after compliance with the provisions of subsection (3) of this Section 1101 the Investment Securities described in clause (z) of subsection (2) of this Section 1101 are included in the Investment Securities deposited with the Trustee in order to satisfy the requirements of subclause (a) of subsection (2) of this Section 1101 and any such Investment Securities are actually redeemed by the issuer thereof prior to their maturity date, then the Trustee at the direction of the Authority, provided that the aggregate of the moneys and Investment Securities to be held by the Trustee, taking into consideration any changes in redemption dates or instructions to give notice of redemption given to the Trustee by the Authority in accordance with subsection (3) of this Section 1101, shall at all times be sufficient (as verified by an independent certified public accountant as stated in a verification report addressed to the Authority and the Trustee) to satisfy the requirements of subclause (b) of subsection (2) of this Section 1101, shall reinvest the proceeds of such redemption in Investment Securities. The Trustee shall mail notice of the substitution of Investment Securities to the Holders of the Bonds.

5. In the event that after compliance with the provisions of subsection (4) of this Section 1101 the Investment Securities described in clause (z) of subsection (2) of this Section 1101 are included in the Investment Securities deposited with the Trustee in order to satisfy the requirements of subclause (a) of subsection (2) of this Section 1101, then any notice of redemption to be mailed by the Trustee and any set of instructions relating to a notice of redemption given to the Trustee may provide, at the option of the Authority, that any redemption date or dates in respect of all or any portion of the Bonds to be redeemed on such date or dates may at the option of the Authority be changed to any other permissible redemption date or dates and that redemption dates may be established for any Bonds deemed to have been paid in accordance with this Section 1101 upon their maturity date or dates at any time prior to the actual mailing of any applicable notice of redemption in the event that all or any portion of any Investment Securities described in clause (z) of subsection (2) of this Section 1101 have been called for redemption pursuant to an irrevocable notice of redemption or have been redeemed by the issuer thereof prior to the maturity date thereof; no such change or redemption date or dates or establishment of redemption date or dates may be made unless taking into account such changed redemption date or dates or newly established redemption date or dates the moneys and Investment Securities on deposit with the Trustee including any Investment Securities or redemption proceeds in accordance with subsection (5) of this Section 1101 pursuant to subclause (a) of subsection (2) of this Section 1101 would be sufficient to pay when due the principal or Redemption Price of, and interest on all Bonds deemed to have been paid in accordance with subsection (2) of this Section 1101 which have not as yet been paid.

6. If the Bonds are rated by Moody's, S&P and/or Fitch, then the Authority shall give notice to the rating agency or agencies that rated the Bonds of any defeasance of all or any of the Bonds.

Section 1102. Unclaimed Funds. 1. Anything in this Indenture to the contrary notwithstanding, but subject to any provision of State or Federal law to the contrary, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for four (4) years after the date when such Bonds have become due and payable, at their stated maturity dates, if such moneys were held by the Fiduciary at such date, or for four (4) years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds became due and payable, shall, upon written direction of the

Authority and after payment of all unpaid amounts due pursuant to this Indenture, if any, be paid by the Fiduciary to the Authority, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Authority for the payment of such Bonds; provided, however, that before being required to make any such payment to the Authority the Fiduciary shall, at the written direction of the Authority and at the expense of the Authority, cause to be published at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than thirty (30) days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the Authority, subject to the hereinabove stated conditions and except as set forth in subsection (2) below.

2. Subject to the provisions of Section 1102(1) hereof, to the extent any moneys are remaining in such Funds and Accounts and the Fiduciaries have unreimbursed expenses or there are other unpaid amounts due pursuant to this Indenture, such moneys shall be paid to each such Fiduciary by the Trustee, free and clear of the lien and pledge of this Indenture, to the extent required to reimburse such Fiduciary for such expenses and/or other unpaid amounts and, if thereafter there are any unclaimed moneys remaining in the Funds and Accounts, then to the Authority.

Section 1103. Satisfaction and Discharge of the Indenture. If the principal of, redemption premium, if any, and interest on all of the Bonds shall have been paid in accordance with their terms, or provision has been made for such payment as provided in Section 1101 hereof, and provision shall also be made for paying all other sums payable hereunder, any Rebate Amount to the United States of America and the fees, charges and expenses of the Authority, the Trustee, any Paying Agent, including attorneys' fees and expenses, to the date of retirement of the Bonds, then the right, title and interest of the Trustee in respect hereof shall thereupon cease, determine and be void, and thereupon the Trustee, upon written request of the Authority, and upon receipt by the Trustee of a Favorable Opinion of Bond Counsel, which shall, in addition to its other elements, opine that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, shall cancel, discharge and release this Indenture and shall execute, acknowledge and deliver to the Authority and the County such instruments of satisfaction and discharge or release as shall be reasonably requested to evidence such release and the satisfaction and discharge of this Indenture, and shall assign and deliver to the Authority or other Person entitled thereto as their respective interests may appear, any property and revenues at the time subject to this Indenture which may then be in its possession, other than moneys or obligations held by the Trustee for the payment of the principal of and interest and redemption premium, if any, due or to become due on the Bonds.

Upon provision for the payment of all Outstanding Bonds in accordance with this Section 1102, and compliance with the other payment requirements of Section 1101 hereof, and subject to this Section 1102, the Indenture may be discharged in accordance with the provisions hereof, and the Owners thereof shall thereafter be entitled to payment only out of the moneys or Government Obligations deposited with the Trustee as aforesaid.

Provision for payment of the Bonds Outstanding hereunder may not be made as aforesaid nor may this Indenture be discharged if under any circumstances the interest on such Bonds is thereby made subject to federal income taxation. In determining the foregoing, the Trustee may conclusively rely upon a favorable opinion of Bond Counsel.

Section 1104. Payment of Bonds After Discharge. Notwithstanding the discharge of the lien hereof as in this Article XI provided, the Trustee shall nevertheless retain such rights, powers and duties hereunder as may be necessary and convenient for the payment of amounts due or to become due on the Bonds and the registration, transfer, exchange and replacement of Bonds as provided herein. Thereupon it shall be the duty of the Trustee to comply with the Uniform Unclaimed Property Act, *N.J.S.A.* 46:30B-l *et seq.*, with respect to such funds in accordance with the Trustee's escheat policies and procedures, which must not be in conflict with the Uniform Unclaimed Property Act, *N.J.S.A.* 46:30B-1 *et seq.* Any such delivery shall be in accordance with the customary practices and procedures of the Trustee and the State escheat laws. Any money held by the Trustee pursuant to this Section 1104 shall be held uninvested and without any liability for interest.

Section 1105. Evidence of Signatures of Bondholders and Ownership of Bonds. 1. Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by the Bondholders may be signed or executed in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing. Proof of (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the holding by any Person of the Bonds shall be sufficient for any purpose of this Indenture (except as otherwise therein expressly provided) if made in the following manner, or in any other manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

> (1) The fact and date of the execution by any Bondholder or his attorney of such instruments may be proved by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature, guarantee, certificate or affidavit shall also constitute sufficient proof of his authority.
>
> (2) The amount of Bonds transferable by delivery held by any Person executing any instrument as a Bondholder, the date of his holding such Bonds, and the numbers and other identification thereof, may be proved by a certificate, which need not be acknowledged or verified, in form satisfactory to the Trustee, executed by the Trustee or by a member of a financial firm or by an officer of a bank, trust company, insurance company, or financial corporation or other depository wherever situated, showing at the date therein mentioned that such Person exhibited

to such member or officer or had on deposit with such depository the Bonds described in such certificate. Such certificate may be given by a member of a financial firm or by an officer of any bank, trust company, insurance company or financial corporation or depository with respect to Bonds owned by it, if acceptable to the Trustee. In addition to the foregoing provisions, the Trustee may from time to time make such reasonable regulations as it may deem advisable permitting other proof of holding of Bonds transferable by delivery.

2. The ownership of Bonds registered otherwise than to bearer and the amount, numbers and other identification, and date of holding the same shall be provided by the registry books.

3. Any request or consent by the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the Authority or any Fiduciary in accordance therewith.

Section 1106. Moneys Held for Particular Bonds. The amounts held by any Fiduciary for the payment of the interest or principal due on any date with respect to particular Series of Bonds or for particular Bonds within such Series of Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Bonds entitled thereto.

Section 1107. Preservation and Inspection of Documents. All documents received by any Fiduciary under the provisions of this Indenture shall be retained in its possession for a period of seven (7) years and shall be subject at all reasonable times to the inspection of the Authority any other Fiduciary and any Bondholder and their agents and their representatives, any of whom may make copies thereof.

Section 1108. Parties Interest Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any Person or corporation, other than the Authority, the County, the Fiduciaries and the Holders of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the County, the Fiduciaries and the Holders of the Bonds.

Section 1109. No Recourse on the Bonds. No recourse shall be had for the payment of the principal of or interest on the Bonds or for any claim based thereon or on this Indenture against any member or officer of the Authority or any Person executing the Bonds.

Section 1110. Publication of Notice; Suspension of Publication. 1. Any publication to be made under the provisions of this Indenture in successive weeks or on successive dates may be made in each instance upon any Business Day of the week and need not be made in the same Authorized Newspaper for any or all of the successive publications but may be made in a different Authorized Newspaper.

2. If, because of the temporary or permanent suspension of the publication or general circulation of any Authorized Newspaper or for any other reason, it is impossible or impractical to publish any notice pursuant to this Indenture in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Authority shall constitute a sufficient publication of such notice.

Section 1111. Severability of Invalid Provisions. If any one or more of the covenants or agreements provided in this Indenture on the part of the Authority or any Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Indenture.

Section 1112. Holidays. Except with respect to the computation of a Record Date, if the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, shall be a legal holiday or a day on which banking institutions in the municipality in which is located the principal office of the Trustee or the operational offices of the Authority or the County are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in this Indenture, and no interest shall accrue for the period after such nominal date.

Section 1113. Separate Financings. Nothing contained in this Indenture shall be construed to prevent the Authority from acquiring, constructing or financing through the issuance of its bonds, notes, or other evidences of indebtedness any other public facilities or from securing such bonds, notes or other evidences of indebtedness by a mortgage of such public facilities so financed or by a pledge of, or other security interest in, the revenues thereunder or any lease or other agreement with respect thereto or any revenues derived from such lease or other agreement; provided that such bonds, notes, or other evidences of indebtedness shall not be payable out of or secured by the Revenues or any Fund held under this Indenture and neither the cost of such public facilities nor any expenditure in connection therewith or with the financing thereof shall be payable from the Revenues or from any such Fund hereunder.

Section 1114. Notices and Demands. All notices, demands or other communications provided for in this Indenture shall be in writing and shall be sent by facsimile transmission (confirmed, in writing, and hard copy to follow in the manner prescribed below) or shall be delivered personally, sent by certified or registered mail or by recognized overnight mail, to (i) the County at 164 West Broad Street, Bridgeton, New Jersey 08302, Attn: Chief Financial Officer, Fax No. (856) 451-0639; (ii) the Authority at The Cumberland County Improvement Authority, 2 North High Street, Millville, New Jersey 08332, Attn: President/Chief Executive Officer, Fax No. (856) 776-5391; (iii) the Trustee at U.S. Bank National Association, 333 Thornall Street, 4th Floor, Edison, New Jersey 08837, Attn: Corporate Trust Services, Fax No. (732) 321-3982; and (iv) Bond Counsel to the Authority, Parker McCay P.A., 9000 Midlantic Drive, Suite 300, Mount Laurel, New Jersey 08054, Attn: Craig A. Gargano, Esq., Fax No. (856) 988-8167; or to such other representatives or addresses as the Authority, the County, the Trustee or Bond Counsel may from time to time designate by written notice to the parties hereto or beneficiaries hereof in accordance with this Section 1114.

Section 1115. Headings. The Article and Section headings in this Indenture are inserted for convenience of reference only and are not intended to define or limit the scope of any provision of this Indenture.

Section 1116. Governing Law. This Indenture shall be governed by and construed in accordance with the laws of the State.

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ARTICLE XII

BOND FORM AND EFFECTIVE DATE

Section 1201. Form of Bonds. Subject to the provisions of this Indenture, the form of the Bonds shall be substantially as follows:

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UNITED STATES OF AMERICA
STATE OF NEW JERSEY
THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY

COUNTY GUARANTEED REVENUE BONDS
(ADMINISTRATION BUILDING PROJECT), SERIES 2019

No. R-

INTEREST RATE		**CUSIP NUMBER**
_____%		23058P ___
MATURITY DATE	**DATED DATE**	**AUTHENTICATION DATE**
March 15, 20__	April __, 2019	April __, 2019

REGISTERED OWNER: Cede & Co.

PRINCIPAL SUM: (DOLLARS)

THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY, in the County of Cumberland, State of New Jersey ("Authority"), a public body corporate and politic organized and existing under and by virtue of the laws of the State of New Jersey ("State"), acknowledges itself indebted and for value received hereby promises to pay to the REGISTERED OWNER stated above, or registered assigns, the PRINCIPAL SUM stated above, on the MATURITY DATE stated above or on the date fixed for redemption, as the case may be, together with interest on such PRINCIPAL SUM from the date of this Series 2019 Bond (as hereinafter defined) until the Authority's obligation with respect to the payment of such PRINCIPAL SUM shall be discharged, at the INTEREST RATE per annum stated above on the fifteenth days of April and October, commencing April 1, 2019. This Series 2019 Bond (as hereinafter defined), as to principal, when due, will be payable at the principal corporate trust office of U.S. Bank National Association, 333 Thornall Street, 4th Floor, Edison, New Jersey. Interest on this Series 2019 Bond will be payable by check which will be mailed to the REGISTERED OWNER hereof whose name shall appear on the registration books of the Authority which shall be kept and maintained by the Bond Registrar hereinafter mentioned, as determined on the fifteenth days of March and September (whether or not a Business Day) ("Record Date"); provided, however, that a REGISTERED OWNER of $1,000,000 or more in principal amount of the Series 2019 Bonds shall be entitled, upon three (3) Business Days' written notice to the Trustee in advance of the applicable Record Date, to receive interest payments by wire transfer of immediately available funds. Payment of the principal of and interest on this Series 2019 Bond shall be made in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This bond is one of the duly authorized issue of a Series of revenue bonds, each designated as "County Guaranteed Revenue Bonds (Administration Building Project), Series 2019" ("Series 2019 Bonds" or "Bonds") of the Authority, limited to the aggregate principal amount of $5,500,000 and authorized and issued under and pursuant to the County Improvement

Authorities Law, P.L. 1960, c.183, as amended ("Act"), and under and in accordance with a resolution of the Authority duly adopted February 22, 2019, entitled, "Bond Resolution of The Cumberland County Improvement Authority Authorizing the Issuance and Sale of Up to $5,500,000 Aggregate Principal Amount of the Authority's Revenue Bonds (Administration Building Project), Series 2019, in One or More Series, on a Tax-Exempt Basis, Making Certain Determinations and Approvals with Respect to Said Bonds; and Authorizing Certain Actions" ("Bond Resolution") and an Indenture of Trust, dated as of April 1, 2019, between the Authority and U.S. Bank National Association, as trustee for the Series 2019 Bonds ("Indenture"). Copies of the Bond Resolution and Indenture are on file in the office of the Authority, 2 North High Street, Millville, New Jersey and at the principal corporate trust office of 333 Thornall Street, 4th Floor, Edison, New Jersey ("Trustee"), as trustee under the Indenture.

This Series 2019 Bond is a limited and special obligation of the Authority payable from the Revenues and secured by a lien on the Pledged Property (as defined in the Indenture) of the Authority and from any other moneys pledged therefor under the Indenture; provided, however, that the power and obligation of the Authority to cause application of such Pledged Property and other funds to the payment of the principal or Redemption Price of and the interest on the Series 2019 Bonds is subject to the terms of the Indenture. This Series 2019 Bond is also an obligation which is entitled to the benefit of a guaranty of the County of Cumberland, New Jersey ("County"), authorized pursuant to an ordinance of the County duly adopted on February 19, 2019 ("County Guaranty"), which County Guaranty secures the punctual payment when due of the principal of and interest on the Series 2019 Bonds.

The Series 2019 Bonds are issued in the form of Registered Bonds, without coupons, in book-entry only form in the denomination of $5,000 each or any integral multiple thereof.

As defined in the Indenture, and for purposes of this Series 2019 Bond, "Business Day" shall mean any day that is not a Saturday, a Sunday or a legal holiday in the State or the State of New York or a day on which the Trustee, the Bond Registrar, any Paying Agent, the County or the Authority is legally authorized to close. All other terms used herein which are not defined shall have the meanings ascribed to such terms in the Indenture.

The Series 2019 Bonds maturing before March 15, 2029 shall not be subject to optional redemption prior to maturity. The Series 2019 Bonds maturing on or after March 15, 2029 shall be subject to redemption prior to maturity at the option of the Authority on or after March 15, 2028, in whole or in part at any time, at any time in such order of maturity as the Authority may direct and within maturity by lot, at the redemption price redemption price equal to one hundred percent (100%) of the principal amount of the Series 2019 Bonds to be redeemed, together with interest accrued to the redemption date, upon notice as set forth below.

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Sinking Fund Redemption. The Series 2019 Bonds maturing on March 15, 2044 are subject to scheduled mandatory sinking fund redemption by the Authority on March 15 in the years and in the amounts set forth below at a redemption price equal to 100% of the principal amount thereof, plus accrued to the redemption date:

Redemption Date (March 15)	Principal Amount to be Redeemed
2040	$
2041	
2042	
2043	
2044*	

*Final Maturity

The Series 2019 Bonds maturing on March 15, 2049 are subject to scheduled mandatory sinking fund redemption by the Authority on March 15 in the years and in the amounts set forth below at a redemption price equal to 100% of the principal amount thereof, plus accrued to the redemption date:

Redemption Date (March 15)	Principal Amount to be Redeemed
2045	$
2046	
2047	
2048	
2049*	

*Final Maturity

Unless otherwise provided in the Indenture, if less than all of the Series 2019 Bonds of like maturity shall be called for prior redemption, the particular Series 2019 Bonds or portions of such Series 2019 Bonds to be redeemed shall be selected at random by the Trustee in such manner as the Trustee, in its sole discretion, may deem fair and appropriate; provided, however, that the portion of any such Series 2019 Bond of a denomination of more than $5,000 to be redeemed shall be in the principal amount of $5,000 or a multiple thereof, and that, in selecting portions of such Series 2019 Bonds for redemption, the Trustee shall treat each such Series 2019 Bond as representing that number of Series 2019 Bonds of $5,000 denomination which is obtained by dividing by $5,000 the principal amount of such Series 2019 Bond to be redeemed in part.

When the Trustee shall receive notice from the Authority of its election or direction to redeem the Series 2019 Bonds pursuant to Section 402 of the Indenture and when redemption of the Series 2019 Bonds is authorized or required pursuant to Section 403 of the Indenture, the Trustee shall give notice, in the name of the Authority, of the redemption of such Series 2019 Bonds, which notice shall specify the maturities of the Series 2019 Bonds to be redeemed, the Redemption Price, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Series 2019 Bonds of any like maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Series 2019 Bonds so to be redeemed, and, in the case of the Series 2019 Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Series 2019 Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal amount thereof in the case of the Series 2019 Bonds to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be mailed by the Trustee, via first class mail, postage prepaid, not less than thirty (30) days nor more than sixty (60) days prior to the redemption date, to the REGISTERED OWNERS of any Series 2019 Bonds or portions of the Series 2019 Bonds which are to be redeemed, at their last addresses appearing upon the registry books. Failure to give notice by mail, or any defect in notice to the REGISTERED OWNER of any Series 2019 Bonds which are to be redeemed shall not affect the validity of the proceedings for the redemption of any other Series 2019 Bonds.

So long as DTC or its nominee is the REGISTERED OWNER of the Bonds, notices of redemption shall be sent to DTC and not to any Beneficial Owners of the Bonds.

The Trustee shall also comply with any notice or other requirements of DTC to effectuate a redemption of Bonds. Any notice which is mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the Holder receives the notice.

If, on the redemption date, moneys for the redemption of all the Series 2019 Bonds or portions thereof of any like maturity to be redeemed, together with interest thereon to the redemption date, shall be held by the Paying Agent so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date interest on the Series 2019 Bonds or portions thereof of such maturity so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the redemption date, such notice of redemption shall be rescinded by the Trustee and shall be deemed to be null and void as if never given and such Series 2019 Bonds or portions thereof shall continue to bear interest until paid at maturity at the same rate as they would have borne had they not been called for redemption.

Pursuant to the Indenture, the Authority may hereafter issue Refunding Bonds for the purposes, in the amounts and on the conditions prescribed in the Indenture. All bonds issued and to be issued under the Indenture, including the Series 2019 Bonds and other Series of Refunding Bonds, are and will be equally secured by the pledge of Funds and Revenues provided in the Indenture except as otherwise provided in or pursuant to the Indenture.

To the extent and in the respects permitted by the Indenture, the provisions of the Indenture or any resolution amendatory thereof or supplemental thereto may be modified or amended by action taken on behalf of the Authority in the manner and subject to the conditions and exceptions which are set forth in the Indenture. The pledge of the Pledged Property and other obligations of the Authority under the terms of the Indenture may be discharged at or prior to the maturity or redemption of the Series 2019 Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Indenture.

This Series 2019 Bond is transferable, as provided in the Indenture, only upon the registration books of the Authority which are kept and maintained for that purpose at the principal corporate trust office of U.S. Bank National Association, 333 Thornall Street, 4th Floor, Edison, New Jersey ("Bond Registrar"), as registrar under the Indenture, or its successor as Bond Registrar, by the REGISTERED OWNER hereof in Person or by his attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer which is satisfactory to the Bond Registrar and which is duly executed by the REGISTERED OWNER or by such duly authorized attorney, together with the required signature guarantee, and thereupon the Authority shall issue in the name of the transferee a new registered Series 2019 Bond or Series 2019 Bonds, of the same aggregate principal amount and series, designation, maturity and interest rate as the surrendered Series 2019 Bond as provided in the Indenture, upon payment of the charges therein prescribed. The Authority, the Trustee, the Bond Registrar and any Paying Agent of the Authority may treat and consider the Person in whose name this Series 2019 Bond is registered as the Holder and absolute Owner of this Series 2019 Bond for the purpose of receiving payment of the principal or Redemption Price of and interest due thereon and for all other purposes whatsoever.

Reference to the Bond Resolution, the Indenture, the County Guaranty and the Act is made for a description of the nature and extent of the security for the Series 2019 Bonds, the Pledged Property, the Funds pledged for the payment thereof, the nature, manner and extent of the enforcement of such pledge, the rights and remedies of the Holders of the Series 2019 Bonds with respect thereto, the terms and conditions upon which the Series 2019 Bonds are issued and upon which they may be issued thereunder, and a statement of the rights, duties, immunities and obligations of the Authority, the County and the Trustee.

THE ACT PROVIDES THAT NEITHER THE MEMBERS OF THE AUTHORITY NOR ANY PERSON EXECUTING THE SERIES 2019 BONDS SHALL BE LIABLE PERSONALLY ON THE SERIES 2019 BONDS BY REASON OF THE ISSUANCE THEREOF.

THE SERIES 2019 BONDS ARE NOT AND SHALL NOT BE IN ANY WAY A DEBT OR LIABILITY OF THE STATE OR ANY SUBDIVISION THEREOF (OTHER THAN THE AUTHORITY RELATING SOLELY TO THE PLEDGED PROPERTY, AND AS APPLICABLE UNDER AND LIMITED BY THE COUNTY GUARANTY, THE COUNTY), AND DO NOT AND SHALL NOT CREATE OR CONSTITUTE ANY INDEBTEDNESS, LIABILITY OR OBLIGATION OF SAID STATE, OR OF ANY SUBDIVISION (OTHER THAN THE AUTHORITY RELATING SOLELY TO THE PLEDGED PROPERTY, AND AS APPLICABLE UNDER AND LIMITED BY THE COUNTY GUARANTY, THE COUNTY), EITHER LEGAL, MORAL OR OTHERWISE. THE AUTHORITY IS OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF AND INTEREST ON THE SERIES 2019 BONDS FROM THE REVENUES AND FUNDS PLEDGED THERETO. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE COUNTY, AS APPLICABLE, UNDER AND LIMITED BY THE COUNTY GUARANTY), IS PLEDGED TO THE PAYMENT OF

THE PRINCIPAL OF OR INTEREST ON THE SERIES 2019 BONDS. THE AUTHORITY HAS NO TAXING POWER.

It is hereby certified and recited that all conditions, acts and things which are required by the Constitution or by the statutes of the State or by the Indenture to exist, to have happened or to have been performed precedent to or in the issuance of this Series 2019 Bond exist, have happened and have been performed and that the Series 2019 Bonds, together with all other indebtedness of the Authority, are within every debt and other limit prescribed by said Constitution or statutes.

This Series 2019 Bond shall not be entitled to any security or benefit under the terms of the Indenture or be valid or obligatory for any purpose unless the certificate of authentication has been manually executed by the Trustee upon original issuance and thereafter by the Bond Registrar.

[STATEMENT OF INSURANCE TO BE INCLUDED IF NECESSARY]

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IN WITNESS WHEREOF, THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY has caused this Series 2019 Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Chairman and its corporate seal to be affixed, impressed or reproduced hereon, and this Series 2019 Bond and such seal to be attested by the manual or facsimile signature of its Secretary, all as of the DATED DATE set forth above.

ATTEST:	THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
______________________________ , Secretary	BY:______________________________ , Chairman

[SEAL]

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GUARANTY OF THE COUNTY OF CUMBERLAND, STATE OF NEW JERSEY

Pursuant to the provisions of the Act, the payment of the principal of and interest on the within Bond is hereby FULLY AND UNCONDITIONALLY GUARANTEED by the County of Cumberland, State of New Jersey, and the County of Cumberland, State of New Jersey is unconditionally liable for the payment, when due, of the principal of and interest on said Bond in accordance with its terms.

IN WITNESS WHEREOF, the County of Cumberland, State of New Jersey, has caused this Guaranty to be executed on its behalf by the manual or facsimile signature of its Director or Deputy Director of its Board of Chosen Freeholders, and the seal of the County of Cumberland, State of New Jersey to be impressed, imprinted or otherwise reproduced hereon, all as of the date of the within Bond.

(SEAL)

COUNTY OF CUMBERLAND,
STATE OF NEW JERSEY

By:___________________________________
, (Deputy) Director
of the Board of Chosen Freeholders"

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ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto ____ [PLEASE PRINT OR TYPE NAME, ADDRESS AND TAXPAYER IDENTIFICATION NO. OF ASSIGNEE] the within Series 2019 Bond and all rights hereunder, and hereby irrevocably constitutes and appoints ____ ___________________________________, as Attorney, to transfer the within Series 2019 Bond on the registration books of The Cumberland County Improvement Authority with full power of substitution and revocation.

____

NOTICE: The signature to this assignment must correspond with the name of the REGISTERED OWNER hereof as it appears upon the face of the within Series 2019 Bond in every particular, without alteration or enlargement or any change whatsoever.

Dated: ______________________

SIGNATURE GUARANTEE:
(Medallion Guarantee Program Stamp)

____

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Section 1202. Form of Certificate of Authentication of Trustee or Bond Registrar. The form of Certificate of Authentication by the Trustee or Bond Registrar on the Bonds shall be substantially as follows:

CERTIFICATE OF AUTHENTICATION

This Bond is one of the issue of County Guaranteed Revenue Bonds (Administration Building Project), Series 2019 of The Cumberland County Improvement Authority, described and delivered pursuant to the within-mentioned Indenture and being dated April __, 2019.

U.S. Bank National Association, as Trustee and Bond Registrar

By:____________________________________
Authorized Signature

Section 1203. Effective Date. This Indenture shall take effect upon adoption in accordance with the Act, specifically *N.J.S.A.* 40:37A-50(7)(e).

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IN WITNESS WHEREOF, the Authority has caused these presents to be signed in its name and behalf and attested by its duly Authorized Authority Officer, and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and behalf attested by its duly authorized officer, all as of the day and year first above written.

THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY

By: ______________________________________

GERARD VELAZQUEZ, III
President/CEO

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: ______________________________________

RICK BARNES, Vice President

Acknowledged:

COUNTY OF CUMBERLAND, NEW JERSEY

By: ______________________________________

GERRY SENESKI,
Chief Financial Officer/County Treasurer

APPENDIX E
Form of Opinion of Bond Counsel

Parker McCay P.A.
9000 Midlantic Drive, Suite 300
P.O. Box 5054
Mount Laurel, New Jersey 08054-5054

P: 856.596.8900
F: 856.596.9631
www.parkermccay.com

April __, 2019

The Cumberland County Improvement Authority
2 North High Street
Millville, New Jersey

RE: $________________ THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY, COUNTY GUARANTEED REVENUE BONDS (ADMINISTRATION BUILDING PROJECT), SERIES 2019

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the issuance and sale by The Cumberland County Improvement Authority ("Authority") of $___________ aggregate principal amount of its County Guaranteed Revenue Bonds (Administration Building Project), Series 2019 ("Series 2019 Bonds").

The Series 2019 Bonds are issued pursuant to and in accordance with: (i) the County Improvement Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State of New Jersey ("State") (*N.J.S.A.* 40:37A-44 *et seq.*), and the acts amendatory thereof and supplemental thereto ("Act"); (ii) a bond resolution of the Authority, duly adopted on February 22, 2019 ("Bond Resolution"); and (iii) a Trust Indenture, dated as of April 1, 2019 ("Indenture"), between the Authority and U.S. Bank National Association. Capitalized terms, not otherwise defined herein, shall have the meanings ascribed thereto in the Indenture, unless the context clearly requires otherwise.

The Series 2019 Bonds are being issued to finance the: (i) the costs of acquisition of certain real property located in the Township of Deerfield, County of Cumberland, New Jersey ("Project Site"); (ii) the costs of the development and construction of an approximately 15,000 square foot Authority administration building ("Facility") on the Project Site; (iii) the completion of such other improvements and work and acquisition of equipment and materials as may be necessary or appropriate in connection with the construction of the Facility; and (iv) the costs of issuance with respect to the issuance and sale of the Series 2019 Bonds (collectively, the "Project").

The Series 2019 Bonds are special and limited obligations of the Authority payable solely from the Revenues and secured by a lien on the Pledged Property of the Authority and from any other moneys pledged therefor under the Indenture. "Revenues" consist of: (i) available revenues of the Authority, not previously pledged as security for any existing series of bonds or other obligations or which are hereafter pledged to any future series of bonds or other obligations, and which available revenues are deposited by the Authority with the Trustee; (ii) any moneys or securities held pursuant to the Indenture and paid or required to be paid into the Debt Service Fund; (iii) any payments made by the County to the Authority pursuant to the County Guaranty; (iv) interest received on any moneys or Investment Securities held under the Indenture (other than in the Rebate Fund) and required to be paid into the Revenue Fund pursuant to the Indenture; and (v) any other amounts received from any other source by the Authority and pledged by the Authority as security for the payment of a particular Series of Bonds pursuant to a Supplemental Indenture.

The Series 2019 Bonds are also secured by the provisions of a guaranty ordinance, duly and finally adopted by the Board of Chosen Freeholders of the County of Cumberland ("County") on February __, 2019 ("Guaranty Ordinance"), pursuant to which the County has unconditionally and irrevocably guaranteed the payment, when due, of the principal of and interest on the Series 2019 Bonds ("County Guaranty"). The County, upon endorsement of the Series 2019 Bonds by the County, will be unconditionally and irrevocably obligated to levy *ad valorem* taxes upon all taxable real property within the jurisdiction of the County without limitation as to rate or amount when required under the provisions of applicable law and the County Guaranty for the payment, when due, of the principal of and interest on the Series 2019 Bonds.

The Series 2019 Bonds are dated April __, 2019, mature on March 15 in each of the years and in the principal amounts set opposite each such year in the table below and bear interest at the interest rates per annum below, payable semi-annually March 15 and September 15, commencing September 15, 2019, in each year until maturity or earlier redemption.

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
2020	$	%	2031	$	%
2021			2032		
2022			2033		
2023			2034		
2024			2035		
2025			2036		
2026			2037		
2027			2038		
2028			2039		
2029			2044		
2030			2049		

The Series 2019 Bonds are issued in fully registered book-entry-only form in the form of one certificate for each maturity of the Series 2019 Bonds. The Series 2019 Bonds are subject to redemption prior to maturity in the manner and upon the terms and conditions set forth in the Indenture.

As Bond Counsel to the Authority, we have examined the Bond Resolution, the Indenture, and such statutes of the State and such resolutions of the Authority and proceedings relating thereto as we have deemed necessary to enable us to render the opinions set forth below. We have also examined and relied upon the proceedings authorizing the issuance of the Series 2019 Bonds and certain certifications and agreements (including a Certificate as to Nonarbitrage and Other Tax

Matters ("Nonarbitrage Certificate") executed by the Authority with respect to the Series 2019 Bonds) intended to satisfy certain provisions of the Internal Revenue Code of 1986, as amended and supplemented (as amended, the "Code"), and applicable Treasury Regulations, rulings and court decisions, receipts and other documents which we have considered relevant. We have also examined a specimen Series 2019 Bond and have relied on certifications as to the execution and authentication of the Series 2019 Bonds. We have assumed that all documents, records and other instruments examined by us are genuine, accurate and complete and we have not undertaken to verify the factual matters set forth in any certificates or other documents by independent investigation.

Based upon and subject to the foregoing, we are of the following opinion:

1. The Authority has been duly created and is validly existing under the provisions of the Constitution and the laws of the State, including the Act, and has full right and lawful authority to issue the Series 2019 Bonds for the purpose of financing the costs of the Project and to adopt or execute, as appropriate, and deliver and perform its obligations under the Bond Resolution and the Indenture.

2. The Bond Resolution has been duly and lawfully adopted by the Authority, is in full force and effect and is valid and binding upon the Authority, enforceable in accordance with its terms, except to the extent that enforcement thereof may be limited by applicable bankruptcy, insolvency, moratorium or other laws or other legal or equitable principles affecting the enforcement of creditors' rights generally ("Creditors' Rights Limitations").

3. The Indenture has been duly authorized, executed and delivered by the Authority and, assuming that the Indenture has been duly authorized and delivered by the Trustee and constitutes a legal, valid and binding obligation of the Trustee, is a legal, valid and binding obligation of the Authority, enforceable against the Authority in accordance with the terms thereof, except to the extent that enforcement thereof may be limited by Creditors' Rights Limitations.

4. The Indenture creates the valid pledge which it purports to create of the Pledged Property, subject only to the application thereof to the purposes and on the conditions permitted in the Indenture.

5. The Series 2019 Bonds have been duly authorized, executed, authenticated, issued and delivered and constitute valid and binding special and limited obligations of the Authority, enforceable in accordance with the respective terms thereof, except to the extent that enforcement thereof may be limited by Creditors' Rights Limitations.

6. Interest on the Series 2019 Bonds will not be includible for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Code and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the Series 2019 Bonds received or accrued by a foreign corporation subject to the branch profits tax is included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the Series 2019 Bonds, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year, if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In rendering this opinion, we have assumed continuing compliance by the Authority with the covenants contained in the Bond Resolution, the Indenture and the Nonarbitrage Certificate, that it will comply with the applicable requirements of the Code, including requirements relating to, *inter alia*, the use and investment of proceeds of the Series 2019 Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Authority to comply with its respective covenants could result in the interest on the Series 2019 Bonds being subject to federal income tax retroactive to the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that may affect the tax-exempt status of the interest on the Series 2019 Bonds.

Ownership of the Series 2019 Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, financial institutions, holders of an interest in a financial asset securitization investment trust, property and casualty insurance companies, controlled foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Series 2019 Bonds will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Series 2019 Bonds is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by household income. Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals. "Modified adjusted gross income" means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Series 2019 Bonds.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Series 2019 Bonds are ***not*** "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Owners of the Series 2019 Bonds should consult their own tax advisors as to the applicability and effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on passive investment income of S corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

7. Interest on the Series 2019 Bonds and any gain from the sale thereof is not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof.

We call your attention to the fact that the Series 2019 Bonds are special and limited obligations of the Authority payable solely from the Revenues and secured by a lien on the Pledged Property of the Authority and from any other moneys pledged therefor under the Indenture. The Series 2019 Bonds do not constitute a debt or obligation of the State or any political subdivision thereof (other than the Authority relating solely to the Pledged Property, and as applicable under and limited by the County Guaranty, the County), and neither the credit nor the taxing power of the State or any political subdivision thereof (other than the Authority relating solely to the Pledged Property, and as applicable under and limited by the County Guaranty, the County) is pledged for the payment of the principal of, redemption premium, if any, or interest on the Series 2019 Bonds. The Authority has no taxing power.

We express no opinion as to any matter not set forth in the numbered paragraphs above including, without limitation, any financial or other information which has been or may be supplied to purchasers of the Series 2019 Bonds.

The opinions expressed in the numbered paragraphs above are being rendered on the basis of federal law and the laws of the State, as presently enacted and construed, and we assume no responsibility to advise any party as to any changes in law or fact subsequent to the date hereof that may affect the opinions expressed above.

This is only an opinion letter and not a warranty or guaranty of the matters discussed above.

This letter is being provided solely for the benefit of the Authority and may not be relied upon by any other person, party, firm or organization without our prior written consent.

Very truly yours,

APPENDIX F
Form of Continuing Disclosure Agreement

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT ("Disclosure Agreement") is made on this __th day of April, 2019, by and among the County of Cumberland, New Jersey ("County"), The Cumberland County Improvement Authority ("Authority") and Phoenix Advisors, LLC ("Dissemination Agent"), in connection with the issuance by the Authority of its County Guaranteed Revenue Bonds (Administration Building Project), Series 2019 ("Series 2019 Bonds"). The Series 2019 Bonds are being issued pursuant to: (i) the County Improvement Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State of New Jersey (*N.J.S.A.* 40:37A-44 *et seq.*), and the acts amendatory thereof and supplemental thereto; (ii) a bond resolution of the Authority, duly adopted on February 22, 2019; and (iii) a Trust Indenture, dated as of April 1, 2019 ("Indenture"), between the Authority and U.S. Bank National Association.

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered for the benefit of the holders and beneficial owners of the Series 2019 Bonds (collectively, the "Bondholders") and in compliance with the provisions of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission ("Commission") pursuant to the Securities Exchange Act of 1934, as it may be amended and supplemented from time to time, including administrative or judicial interpretations thereof, as it applies to the Series 2019 Bonds ("Rule").

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, capitalized terms shall have the following meanings:

"Annual Report" shall mean the County's Annual Report provided pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Commission" shall have the meaning set forth in Section 1 of this Disclosure Agreement.

"Continuing Disclosure Information" shall mean, collectively, (i) the Annual Report; (ii) any notice required to be filed with the National Repository pursuant to Section 5 hereof; and (iii) any notice of an event required to be filed with the National Repository pursuant to Section 3(c) hereof.

"EMMA" shall mean the Electronic Municipal Market Access System, an internet based filing system created and maintained by the MSRB in accordance with Release No. 34-59062, of the Commission, dated December 5, 2008, pursuant to which issuers of tax-exempt and taxable bonds, including the Series 2019 Bonds, and other filers on behalf of such issuers shall upload Continuing Disclosure Information to assist underwriters in complying with the Rule and to provide the general public with access to such Continuing Disclosure Information.

"Financial Obligation" shall mean a: (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of items (i) or (ii) above. The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

"**Listed Events**" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"**MSRB**" shall mean the Municipal Securities Rulemaking Board.

"**National Repository**" shall mean the MSRB, through the internet facilities of EMMA, or any other public or private repository or entity that shall hereafter be designated by the Commission as a repository for purposes of the Rule.

"**Opinion of Counsel**" shall mean a written opinion of counsel expert in federal securities law acceptable to the Authority.

"**Rule**" shall have the meaning set forth in Section 1 of this Disclosure Agreement.

"**Trustee**" shall mean U.S. Bank National Association.

SECTION 3. Provision of Annual Report.

(a) (i) The County shall not later than two hundred seventy (270) days after the end of its fiscal year (currently December 31) for each fiscal year until termination of the County's reporting obligations under this Disclosure Agreement pursuant to the provisions of Section 6 hereof provide to the Dissemination Agent, the Annual Report prepared for the preceding fiscal year of the County (commencing for the fiscal year ending December 31, 2018); (ii) The Authority shall not later than two hundred seventy (270) days after the end of its fiscal year (currently December 31) for each fiscal year until termination of the Authority's reporting obligations under this Disclosure Agreement pursuant to the provisions of Section 6 hereof provide to the Dissemination Agent, the Annual Report prepared for the preceding fiscal year of the Authority (commencing for the fiscal year ending December 31, 2018); (iii) each Annual Report provided to the Dissemination Agent by the County or the Authority shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository; and (iv) any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the Commission.

(b) The Dissemination Agent, promptly (within fifteen (15) Business Days) after receiving the Annual Report from the County, shall submit each Annual Report received by it to the National Repository and the Authority and thereafter shall file a written report with the County certifying that the Annual Report has been provided pursuant to this Disclosure Agreement to the National Repository and the Authority and stating the date it was provided to the National Repository and the Authority.

(c) If the County fails to provide the Annual Report to the Dissemination Agent by the date required in subsection (a) of this Section 3, the Dissemination Agent shall send a notice to the County advising of such failure. Whether or not such notice is given or received, if the County thereafter fails to submit the Annual Report to the Dissemination Agent within fifteen (15) Business Days after the Annual Report was due pursuant to the provisions of subsection (a) of this Section 3, the Dissemination Agent shall promptly send a notice (with copies of said notice to the

County, the Authority, and the Trustee) to the National Repository in substantially the form attached as EXHIBIT "A" hereto.

SECTION 4. Contents of Annual Report. (a) The County's Annual Report shall contain or incorporate by reference the following for the relevant fiscal year: (i) The audited financial statements of the County (as of December 31 of the applicable year). The audited financial statements are to be prepared in accordance with generally accepted auditing standards and audit requirements prescribed by the Division of Local Government Services, State Department of Community Affairs ("Division") that demonstrate compliance with the modified accrual basis, with certain exceptions, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP) and the budget laws of the State; and (ii) Financial information and operating data of the County of the type included in the Official Statement relating the Series 2019 Bonds, consisting of: (a) County and overlapping indebtedness, including a schedule of outstanding debt issued by the County; (b) the County's most current adopted budget; (c) property valuation information; and (d) tax rate, levy and collection data.

(b) The Authority's Annual Report shall contain the Report of Audit of Financial Statement of the Authority for the relevant fiscal year. The audited financial statements are to be prepared in accordance with accounting principles generally accepted in the United States of America.

(c) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the County or the Authority, respectively, is an Obligated Person, which have been filed with EMMA. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The County and the Authority shall clearly identify each such other document so incorporated by reference.

(d) If any of the information above can no longer be generated because the operations to which such information relates have been materially changed or discontinued, a statement to that effect shall satisfy the obligations of the County and the Authority under this Section 4, provided however that the County and the Authority shall, to the greatest extent feasible, provide in lieu thereof similar information with respect to any substitute or replacement operations.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following listed events ("Listed Events"):

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2019 Bonds or other material events affecting the tax status of the Series 2019 Bonds;

(7) modifications to the rights of Bondholders, if material;

(8) Series 2019 Bond calls (excluding mandatory sinking fund redemptions), if material, or tender offers;

(9) defeasances;

(10) release, substitution, or sale of property securing repayment of the Series 2019 Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the County, which shall be considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County;

(13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(15) incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

In determining the materiality of any of the Listed Events specified in subsections (a)(2), (7), (8), (10), (14) or (15) of this Section 5, the County may, but shall not be required to, rely conclusively on an Opinion of Counsel.

(b) The County shall, in a timely manner not in excess of seven (7) Business Days after the occurrence of any Listed Event contained in Section 5(a)(2), (10), (11)(solely with respect to rating changes of the County), (12) and (13) hereof, notify the Dissemination Agent, in writing, to report the Listed Event pursuant to subsection (c) of this Section 5. The Dissemination Agent shall have no obligation under this Disclosure Agreement to provide, or to monitor the County's obligation to provide, notification of the occurrence of any of the Listed Events.

(c) The Authority shall, in a timely manner not in excess of seven (7) Business Days after the occurrence of any Listed Event contained in Section 5(a)(1), (3), (4), (5), (6), (7), (8), (9), (11)(solely with respect to Series 2019 Bond rating changes), (14), (15) and (16) hereof, notify the Dissemination Agent, in writing, to report the Listed Event pursuant to subsection (c) of this Section 5. The Dissemination Agent shall have no obligation under this Disclosure Agreement to provide, or to monitor the Authority's obligation to provide, notification of the occurrence of any of the Listed Events.

(d) If the Dissemination Agent has been instructed by the County or the Authority, respectively, to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the National Repository, as specified by the County or the Authority, respectively, in written instructions to the Dissemination Agent, within three (3) Business Days of the receipt of such instruction (but in no event later than ten (10) Business Days after the occurrence of a Listed Event), with a copy of such notice provided by the Dissemination Agent to the County, the Authority, and the Trustee. In addition, notice of Listed Events described in subsections (a)(8) and (9) of this Section 5 shall be given by the Dissemination Agent under this subsection (c) simultaneously with the giving of the notice of the underlying event to holders of affected Series 2019 Bonds without any required notice from the County or the Authority.

SECTION 6. <u>Termination of Reporting Obligations</u>. The reporting obligations of the County and the Authority under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Series 2019 Bonds or when the County is no longer an Obligated Person (as defined in the Rule) with respect to the Series 2019 Bonds.

SECTION 7. <u>Amendment; Waiver</u>. Notwithstanding any other provisions of this Disclosure Agreement, the County or the Authority may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an Opinion of Counsel addressed to the Authority, the County and the Dissemination Agent to the effect that such amendment or waiver will not, in and of itself, cause the undertakings herein to violate the Rule. No amendment to this Disclosure Agreement shall change or modify the rights or obligations of the Dissemination Agent without its written assent thereto. The party seeking amendment or waiver of provisions of this Disclosure Agreement shall give notice of such amendment or waiver to this Disclosure Agreement to the Dissemination Agent (with a copy to the Authority) and the Dissemination Agent shall file such notice with the National Repository.

SECTION 8. <u>Additional Information</u>. Nothing in this Disclosure Agreement shall be deemed to prevent the County or the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice or occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the County or the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, it shall not have any obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. **Default and Remedies**. In the event of a failure of the County or the Authority to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Bondholders of at least twenty-five percent (25%) in aggregate principal amount of Outstanding Series 2019 Bonds and after provision of satisfactory indemnification in accordance with the Indenture, shall), or any beneficial owner of the Series 2019 Bonds may, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the County or the Authority, as applicable, to comply with its respective obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed to be an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the County or the Authority to comply with its respective obligations under this Disclosure Agreement shall be an action to compel performance.

SECTION 10. **Beneficiaries**. This Disclosure Agreement shall inure solely to the benefit of the County, the Authority, the Dissemination Agent and the Bondholders, and each Bondholder is hereby declared to be a third party beneficiary of this Disclosure Agreement. Except as provided in the immediately preceding sentence, this Disclosure Agreement shall create no rights in any other person or entity.

SECTION 11. **Submission of Information to MSRB**. The County, the Authority and the Dissemination Agreement agree that all Continuing Disclosure Information filed with the National Repository in accordance with this Disclosure Agreement shall be in electronic format as shall be prescribed by the MSRB or such other format as the Rule may require or permit, and shall be accompanied by such identifying information as shall be prescribed by the MSRB or as may otherwise be required by the Rule.

SECTION 12. **Notices**. All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

(i) If to the County:

County of Cumberland
164 West Broad Street
Bridgeton, New Jersey 08302
Attention: Chief Financial Officer

(ii) If to the Dissemination Agent:

Phoenix Advisors, LLC
625 Farnsworth Avenue
Bordentown, New Jersey 08505
Attention: Anthony Inverso, Senior Managing Director

(iii) If to the Authority:

The Cumberland County Improvement Authority
2 North High Street
Millville, New Jersey 08043
Attention: President/Chief Executive Officer

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provision of this Section 12 for the giving of notice.

SECTION 13. Compensation and Indemnification. The County shall pay: (i) the Dissemination Agent from time to time reasonable compensation for all services rendered under this Disclosure Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Disclosure Agreement; and (ii) the Authority for any costs it may incur in the performance of its obligations under this Disclosure Agreement.

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Appointment, Removal and Resignation of the Dissemination Agent.

(a) The County or the Authority may each discharge the Dissemination Agent and satisfy its obligations under this Disclosure Agreement without the assistance of a Dissemination Agent, or the County or the Authority each may discharge the Dissemination Agent and appoint a successor Dissemination Agent, in either case by giving not less than thirty (30) days' written notice to the Dissemination Agent (with a copy to the Authority or the County, as applicable).

(b) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement.

(c) The Dissemination Agent, or any successor thereto, may at any time resign and be discharged of its duties and obligations under this Disclosure Agreement by giving not less than forty-five (45) days' written notice to the County and the Authority. Such resignation shall take effect on the date specified in such notice unless a replacement Dissemination Agent has not been appointed by the County or the Authority, in which event, the Dissemination Agent shall continue to serve in such capacity until a successor has been appointed.

SECTION 16. Severability. If any provision of this Disclosure Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held invalid or unenforceable, the remaining provisions of this Disclosure Agreement, or the application of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.

SECTION 17. Successors and Assigns. All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the County or the Authority or by or on behalf of the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 18. Headings for Convenience Only. The descriptive headings in this Disclosure Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 19. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

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IN WITNESS WHEREOF, the parties hereto have caused this Disclosure Agreement to be executed as of the date first written above.

COUNTY OF CUMBERLAND, NEW JERSEY

By:____________________________________
GERALD SENESKI,
Chief Financial Officer/County Treasurer

THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY

By:____________________________________
GERARD VELAZQUEZ, III,
President/Chief Executive Officer

PHOENIX ADVISORS, LLC,
as Dissemination Agent

By:____________________________________
ANTHONY INVERSO,
Senior Managing Director

EXHIBIT "A"

NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE AN ANNUAL REPORT

Name of Issuer:	The Cumberland County Improvement Authority ("Authority")
Name of Bond Issue Affected:	The Cumberland County Improvement Authority $___________ County Guaranteed Revenue Bonds (Administration Building Project), Series 2019
Date of Issuance of Affected Bond Issue:	April __, 2019

NOTICE IS HEREBY GIVEN that the County of Cumberland, New Jersey has not provided an Annual Report with respect to the above-named Bond Issue as required by Section 3 of the Continuing Disclosure Agreement, dated April __, 2019, between the County and the Dissemination Agent. [TO BE INCLUDED ONLY IF THE DISSEMINATION AGENT HAS BEEN ADVISED OF THE EXPECTED FILING DATE - The County anticipates that such Annual Report will be filed by _________________________.]

Dated:

PHOENIX ADVISORS, LLC,
as Dissemination Agent

cc: County
Authority
Trustee